

1 STATE OF CALIFORNIA
2 ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION
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4 _____)
5 In the Matter of:)
6 Application for Certification)
7 for the Otay Mesa Generating) Docket No. 99-AFC-5
8 Project (PG&E Generating))
9 _____)
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12 REPORTER'S TRANSCRIPT OF VIDEOTAPED PROCEEDINGS
13 STATUS CONFERENCE - OTAY MESA GENERATING PROJECT
14 SAN DIEGO COUNTY ADMINISTRATION BUILDING, ROOM 358
15 TUESDAY, JULY 25, 2000 - 2:00 P.M.
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22 Transcribed by Kelly Barbera, CSR No. 8295
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1 Appearances:

2 Robert Laurie, Commissioner
3 Robert Pernell, Commissioner
4 Susan Gefter, Hearing Officer
5 Ellen Townsend-Smith, Advisor
6 Scott Thomashefsky, Advisor
7 Eileen Allen, CEC Staff
8 Jeff Ogata, CEC Counsel
9 Roberta Mendonca, Public Advisor
10 Sharon Segner, PG&E Generating
11 Bevin Hong, PG&E Generating
12 Eric Eisenman, PG&E Generating
13 William Chilson, PG&E Generating
14 William Claycond, Save Our Bay, Inc.
15 Ben Montoya, SDG&E
16 Dave Korinek, SDG&E
17 Mike Thorp, Sempra Energy
18 Pat Fleming, Sempra Energy
19 Ryan O'Neal, Sempra Energy
20 Mark Ward, Sempra Energy
21 Michael Lake, Air Pollution Control District
22 Peter Hanschen, Harrison & Foerster
23 Steve Roberts, NCG Porter Novelli
24 Robert Ray, URS Corporation
25 Alan Cumnes, MRW & Associates
 Carolyn Baker, Duke Energy
 Douglas Kerner, Ellison, Schneider & Harris
 Christine Henning, Cabrillo Power
 John McKinsey, Cabrillo Power
 R.H. Weatherwax, Sera, Inc.
 Holly Duncan, member of the public
 Alan Thompson, Counsel to PG&E

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1 SAN DIEGO, CALIFORNIA; TUESDAY, JULY 25, 2000; 2:00 P.M.

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5 COMMISSIONER LAURIE: Ladies and gentlemen,

6 at this time I'd like to call the meeting to order.

7 This is a status conference on the Otay Mesa generating

8 project. My name is Robert Laurie. I'm a commissioner

9 at the California Energy Commission, and I am presiding

10 member of the committee hearing this case. This

11 committee is responsible for providing a full

12 recommendation on the project to the commission in the

13 future.

14 I'd like to introduce my colleague on the

15 committee, Commissioner Robert Pernell. To my immediate

16 right is Ms. Susan Gefter. Ms. Gefter is the Hearing

17 Officer assigned to this case. We will be asking

18 Ms. Gefter to administer this hearing today. To the

19 right of Commissioner Pernell is Ms. Ellen

20 Townsend-Smith, Commissioner Pernell's advisor, and to

21 my left is Mr. Scott Tomashefsky, my senior advisor.

22 At this time I will turn the matter over to

23 Ms. Gefter. Among other things, I will be asking for

24 introductions. I would like to note that this hearing

25 is being recorded and so the recorder is very much the

1 captain of this ship. Should anything occur that would
2 cause the recording to temporarily stop, we will stop
3 the proceeding until the matter is repaired. Also, in
4 case there is a difficulty hearing you, we will let you
5 know because it's important that we get your full
6 comments on the record.

7 Commissioner Pernell, did you have any
8 opening comments this morning?

9 COMMISSIONER PERNELL: Not at this time,
10 Mr. Laurie. Thank you.

11 COMMISSIONER LAURIE: Thank you, sir.
12 Ms. Gefter.

13 MS. GEFTER: A little background before we
14 proceed to introductions. PG&E Generating filed an
15 application for certification for an AFC with the Energy
16 Commission to obtain a license to build and operate the
17 Otay Mesa generating project which is a proposed power
18 plant facility near the City of Chula Vista.

19 The purpose of today's committee status
20 conference is to discuss several issues regarding the
21 AFC and to determine whether the existing committee
22 schedule should be modified. At this point we'd like
23 the parties to introduce themselves, the Applicants
24 starting first.

25 MR. THOMPSON: My name is Alan Thompson and

1 I'm CEC private counsel for the generating company.
2 Sharon Segner to my left, she is the project manager for
3 PG&E. In the audience we have Mr. Bill Chilson who is
4 environmental manager for West Coast and Robert Ray from
5 Woodward-Clyde. We have a number of people who are
6 experts in various aspects of the issues today, most
7 notably some of the gas companies.

8 MS. GEFTER: Thank you. Staff, introduce
9 your representatives today.

10 MS. ALLEN: I'm Eileen Allen, the California
11 Energy Commission's project manager for the Otay Mesa
12 project.

13 MR. OGATA: I'm Jeff Ogata. I'm the staff
14 counsel for the Energy Commission.

15 MS. GEFTER: And our public advisor is here
16 also.

17 Would you please come up and introduce
18 yourself?

19 COMMISSIONER LAURIE: Can you folks in the
20 back hear okay? Thank you.

21 MS. MENDONCA: Good afternoon. My name is
22 Roberta Mendonca, and I'm the public advisor with the
23 California Energy Commission. And should you have
24 questions about our process today, I am here to help you
25 with those questions.

1 MS. GEFTER: Thank you. Now I'd like the
2 intervenors to introduce themselves. Is there a
3 representative from Duke Energy?
4 MS. BAKER: Yes.
5 MS. GEFTER: Could you please come up and
6 introduce yourself?
7 MS. BAKER: Carolyn Baker, director of
8 regulatory affairs, Duke Energy, North America.
9 MS. GEFTER: Thank you. Is there a
10 representative from NRG Energy?
11 MR. McKINSEY: John McKinsey on behalf of
12 actually Cabrillo which is a partnership that's being
13 done with NRG Energy, Incorporated which is operating
14 the Encina Valley plant. Also here with me is Paul
15 (inaudible), a gas and transmission analyst.
16 COMMISSIONER LAURIE: One second. How does
17 the formal intervention read?
18 MS. GEFTER: It says NRG Energy.
19 MR. McKINSEY: Actually in our petition we
20 submitted I think it did say Cabrillo. It listed, I
21 think, as NRG.
22 COMMISSIONER LAURIE: Yes. I would ask that
23 you file an amendment so that the record remains clear.
24 MR. McKINSEY: Well, actually we do represent
25 Cabrillo, and that's what we filed on our petition.

1 MS. GEFTER: Thank you. Mr. Claycond from
2 Save Our Bay, would you please come forward? Thank you.
3 MR. CLAYCOND: Yes, ma'am. I'm William E.
4 Claycond, Save Our Bay, Inc.
5 MS. GEFTER: Mr. Claycond, we have your
6 motion to direct the Applicant to respond to your data
7 request.
8 MR. CLAYCOND: Yes, ma'am.
9 MS. GEFTER: And we're going to be talking
10 about that later today.
11 MR. CLAYCOND: Thank you.
12 MS. GEFTER: Thank you. And is there a
13 representative from SDG&E?
14 MR. THORP: Yes, a whole host of
15 representatives here. I'm Mike Thorp, attorney for
16 SDG&E. We have Ben Montoya here to speak out if you
17 have any questions on gas issues, David Korinek on
18 electric transmission issues, and Pat Fleming from
19 regulatory affairs.
20 MS. GEFTER: Thank you. Are there any
21 representatives from local agencies here, from San Diego
22 County Planning Department? Is there anyone from the
23 San Diego Air Pollution Control District here? Any
24 other local agencies' representatives at this point?
25 Thank you.

1 Are there members of the public who intend to
2 address the committee? If you do, please come forward
3 and introduce yourself now.

4 MS. DUNCAN: Holly Duncan, a member of the
5 public, a concerned member of the public.

6 MS. GEFTER: Thank you. I'm going to talk
7 about the issues for discussion today. The parties
8 filed status reports indicating that several issues had
9 not been resolved and those topics include air quality,
10 biological resources, traffic and transportation, power
11 plant efficiency and reliability related to gas pipeline
12 capacity and transmission system engineering that would
13 be affected by the gas curtailment issues.

14 Today we intend to focus on a timetable for
15 completing these items. In the notice for this
16 conference we've directed the parties to address a
17 series of questions focused on the gas pipeline capacity
18 issue. We have received written responses and will ask
19 the parties to present their responses as part of
20 today's discussion.

21 The public advisor has circulated an agenda
22 with a list of topics and order of presentations. The
23 agenda is back on that table. Note that although the
24 time allotted to each topic is approximate, we will have
25 a firm adjournment time of 5:00 p.m. today. We'll begin

1 with air quality. We'll ask each party to discuss that
2 issue. Then we will follow with biology, traffic, and
3 finally gas and transmission issues. We've allocated
4 about 55 minutes for the first three topics, and then
5 we'll take a short break and return for a 90-minute
6 discussion on the topic of gas pipeline issues.

7 We will ask the Applicant to make
8 presentations first and then the staff, then the
9 intervenors, and then the agency representatives. We
10 will have questions at the conclusion of each topic.
11 Time for public comment will be provided after the
12 parties have concluded all their presentations.

13 Before we begin with the Applicant's
14 presentation on air quality are there any questions
15 about the process? Would the Applicant please open the
16 discussion?

17 MS. SEGNER: Hello. My name is Sharon Segner
18 and I'm with PG&E Generating. We're happy to give a
19 presentation of where we are in respect to the various
20 issues. Just one second while we get the slides up.
21 The comments that I have prepared address all three
22 issues.

23 COMMISSIONER LAURIE: Ms. Segner, hold on one
24 moment so we can adjust the mike. Thank you.

25 MS. SEGNER: The comments that I have

1 prepared are complete proposals in terms of where things
2 are at from a timing standpoint, but I will just focus
3 on the specific issues at hand.

4 As a starting point, my next slide, please,
5 overall in light of the events in the last month in
6 San Diego we thought it would be appropriate to have one
7 slide on the events of the past month in San Diego as
8 well. Energy issues have been on the front page of the
9 paper every day for the last month in San Diego, and
10 clearly an onslaught of local and political and consumer
11 interests in energy issues is rising here in San Diego
12 including numerous hearings that have been called by
13 the San Diego Board of Supervisors as well as the mayor
14 of San Diego and congressional hearings as well.

15 As a result, there is heightened awareness in
16 consumer -- consumer awareness in the need for local
17 generation and concern on power supply.

18 COMMISSIONER LAURIE: And, Ms. Segner, will
19 you define the rationale for the discussion of need as
20 related to this case?

21 MS. SEGNER: Our rationale is that there is
22 more generation in San Diego that is needed, and our
23 application is in response to the need for additional
24 generation in San Diego.

25 COMMISSIONER LAURIE: And why is that

1 relevant to the findings of this body?

2 MS. SEGNER: The need for generation is --
3 the underlying fundamental need for generation is
4 relevant for starting the power plant.

5 COMMISSIONER LAURIE: Mr. Thompson, can you
6 clarify that on behalf of your client, please?

7 MR. THOMPSON: I think the Applicant's
8 position is that the need that has been discussed in the
9 past has been eliminated by legislation after the first
10 of this year. However, in areas such as San Diego where
11 generation is very much needed, that need underlies
12 public concern, public comment, and many of the actions
13 and feelings of the community. And in that way I think
14 the generating company believes it's relevant.

15 MS. SEGNER: We're ready to move on to the
16 next slide on air quality. In terms of progress on key
17 issues, we would like to address the progress on the
18 mobile offsets and the regulatory framework, the PDOC,
19 the CEQA/EIR analysis of Rule 27, the submittal of
20 offset contracts, and FDOC.

21 On the biology -- and later on in the
22 discussion we're prepared to discuss the Section 7
23 consultation on the transmission, on the resolution and
24 on the transmission issues, gas reliability, and county
25 issues as well.

1 The Otay Mesa PDOC was issued on June 19th by
2 the San Diego Air Pollution Control District. The
3 public comment period on the PDOC ended yesterday. The
4 Air District is in the process of, my understanding,
5 compiling the various comments and at that point we'll
6 be moving ahead toward issues of FDOC. At the same time
7 the Air District Rule 27 review is in process right now.
8 The EIR has issued an early -- July of this month. The
9 EIR public comment period ends August 1st of 2000, and
10 at that point the Air District will pool together the
11 comments as that goes into the FDOC as well.

12 In terms of the offset purchase update,
13 120 tons of NOX offsets are required. VOC and PM10
14 offsets are not required per the Air District's
15 conclusion. Today we have 70 tons of NOX or NOX
16 equivalent under contract. 45 tons are from stationary
17 offsets and 25 tons are from the San Diego Harbor
18 excursions. The MERC application related to San Diego
19 Harbor excursions has also been filed with the Air
20 District.

21 The remaining 50 tons we expect to announce
22 within a matter of several weeks an additional 35 ton
23 MERC transaction. It will be a very significant
24 transaction. We are under confidentiality and
25 exclusivity for this MERC arrangement, and we have been

1 holding off on the signing of that arrangement until the
2 EIR process has finished the public comment period and
3 we have the results of the public comment period.

4 Most likely, the additional remaining 15 ton
5 deficit, we anticipate signing those contracts within
6 the next couple of weeks and we anticipate that it will
7 be another significant offset as regarding the boats.
8 That concludes our comments and status on air quality
9 issues.

10 COMMISSIONER PERNELL: Excuse me, Miss. The
11 additional 15 offsets, are you saying that there also
12 would be boats in the harbor?

13 MS. SEGNER: The San Diego Harbor excursions,
14 we potentially will be adding another boat that will
15 comprise about 15 tons, and there is another entity that
16 we are about to finalize with another eight or nine tons
17 from that entity as well.

18 COMMISSIONER PERNELL: Okay. So you're
19 replacing an old polluted engine with a new boat?

20 MS. SEGNER: That's correct.

21 MS. GEFTER: I would like to have staff give
22 their presentation on air quality.

23 MS. ALLEN: The Energy Commission staff
24 intends to file its preliminary staff assessment, what
25 we frequently refer to as PSA, on or about August 4th,

1 2000. Previously we had told the committee more firmly
2 that we had planned to file on August 4th. Please note
3 that our staff has been affected by the filing of -- or
4 by the proposal by PG&E for an emergency barge to be
5 anchored in San Francisco Bay. So the same air quality
6 staff has been evaluating that project. We're working
7 diligently to file the air quality analysis as close to
8 August 4th as possible.

9 Staff is concerned that we have not seen a
10 complete and final offset package. The longer the
11 offsets are still in negotiation, the longer it will be
12 until we can come to a final evaluation. From the
13 statewide perspective staff is looking at the need for
14 PM10 offsets. I understand that they are not a
15 requirement at the Air District level, but staff does
16 look at that. And we haven't come to any final
17 conclusions, but it is one of the things that we are
18 considering.

19 COMMISSIONER LAURIE: Well, then, if that is
20 a point of disagreement, then at what time will the
21 parties want to bring that question to the committee for
22 a determination? It doesn't make any sense to argue for
23 the next six months over an issue if the committee is
24 prepared to tell you what we're going to accept. The
25 committee is not prepared to tell you today, but the

1 question has not been presented to them.

2 Point B is that when it comes to time frames,
3 if there are disagreements between the parties, and
4 rather than spend time treading water over those issues,
5 the parties are free to bring issues to the committee
6 for interim resolution.

7 MS. ALLEN: I expect that it will be a topic
8 of discussion once staff's PSA is filed. I'll be
9 scheduling a PSA workshop on the air quality analysis,
10 and I expect that if the Applicant has a concern with
11 our conclusions that it will come out there and we'll
12 keep you apprised.

13 Finally, we're still talking with US/EPA
14 about their concern regarding timing and the prevention
15 of significant deterioration permits. I'm going to ask
16 Jeff Ogata to summarize the latest discussions with
17 EPA's air quality staff.

18 MR. OGATA: Good afternoon, Commissioners.
19 Jeff Ogata, CEC staff counsel. This is an issue that is
20 affecting all of the siting cases that we are currently
21 examining. EPA by virtue of being the federal agency
22 that has asked for consultation from the Fish and
23 Wildlife Service regarding endangered species has
24 determined that they will not allow air districts to
25 file the final DOC until the biology issues are

1 resolved.

2 In this particular project we had reached an
3 agreement with EPA because of the circumstances here
4 that they would allow the FDOC to go forward separate
5 from the resolution of the biology issues, and they are
6 attempting to abide by that agreement even though in
7 other cases they have gone the other way. But in our
8 most recent discussions with them, they still have some
9 concerns about the ability mechanically to separate out
10 the PSD issues from the state DOC issues, and so they
11 are working with us to try to resolve their concerns.

12 We've had several telephone conversations
13 with them about their concerns and about ways we can
14 resolve the issue in this particular case.
15 Unfortunately, those discussions are still ongoing. We
16 expect to have another telephone conference with EPA in
17 a couple of weeks, and we hope that we'll be able to
18 handle this in a way that will be satisfactory to
19 everyone.

20 One possible solution is that the Fish and
21 Wildlife Service will complete its biology assessment in
22 time for the FDOC to go forward as scheduled. So if
23 that happens, basically all the discussions we are
24 having will be moot, and we are all hoping for that
25 outcome since EPA has some serious concerns. However,

1 if that doesn't happen, we'll have to come up with a
2 different alternative so that the district can proceed
3 to issue its FDOC separate from the PSD permit. I hope
4 that all makes sense.

5 MS. GEFTER: What sort of time line are you
6 looking at?

7 MR. OGATA: Time line for what?

8 MS. GEFTER: For resolving this with EPA.

9 MR. OGATA: As I said, we hope to have
10 another phone call with them in about two weeks.
11 They're supposed to do some research on their side and
12 they're supposed to contact us when they're ready to
13 talk to us again.

14 COMMISSIONER LAURIE: Mr. Ogata, I would ask
15 that -- and I'll talk to Ms. Gefter about how we want to
16 handle this formally, but we need to have an
17 understanding of the results of that conversation
18 because the committee is going to be very concerned
19 about the repercussions on the scheduling should the
20 federal agencies decide to head off in a certain
21 direction, and this committee will want to input to the
22 federal agencies on that question.

23 So I don't think it necessitates an order,
24 Ms. Gefter, you tell me, but we would like the results
25 of that conversation reported to the committee so the

1 committee can reach a determination whether or not we
2 need to do something.

3 MR. OGATA: I think we'll be very happy to
4 file a segment about the summary of our conversation and
5 the resolution of that when it happens. As I said, we
6 are discussing this particular project, but obviously
7 EPA has in mind that we have several other projects that
8 they're involved with us on and so that has complicated
9 the resolution of this.

10 As I said, they understood that they have an
11 agreement with us on this particular project that is
12 somewhat contrary to the position they are taking and
13 most of the other siting cases before us now, before the
14 commission now. So that's why this one has become kind
15 of a sticky problem for them.

16 COMMISSIONER LAURIE: In fact, because the
17 issue may involve multiple cases, it would be suggested
18 that you report to the commission siting committee
19 rather than or in addition to the case siting committee
20 so the full commission can hear it as a procedural
21 issue.

22 MR. OGATA: That's fine. We had certainly
23 intended to report to the siting committee on the
24 general issue, and as I said, we'll be happy to provide
25 a summary of what our resolution is for this particular

1 case.

2 COMMISSIONER LAURIE: Thank you.

3 MS. GEFTER: Ms. Segner, I wanted to go over
4 the timing with you over the EIR that was issued on
5 Rule 27, and you were suggesting that the 30-day comment
6 period would be ending the beginning of August. And
7 then we have staff's PSA which would also be available
8 sometime the beginning of August, and then you had
9 mentioned the comment period ended on the PDOC
10 yesterday. All of these events are occurring at the
11 same time.

12 First of all, are you aware of comments from
13 the California Air Resources Board and EPA on the PDOC
14 and how do those fold into comments on the EIR, which
15 the comment period ends on August 1st, and then will all
16 of those comments then be addressed by staff in the PSA
17 and then what does that look like for finalizing the
18 FDOC?

19 MS. SEGNER: Sharon Segner, PG&E Generating.
20 PG&E Generating's view is that the PDOC comments as well
21 as the comments on the EIR are FDOC issues. They are
22 not related to the timing of the issuance of the PSA.
23 What has determined the timing of the PSA on the air
24 selection was the issuance of the PDOC which was 45 days
25 after that. So the EIR issues as well as the PDOC

1 comments are not tied to the PSA or the air issues.

2 Regarding the comments that we know of on the
3 EIR, I am not aware of comments on the EIR. There have
4 been comments. I have not seen the comments.

5 Regarding the PDOC, I do know that EPA did
6 submit comments yesterday. I believe Eileen Allen was
7 cc'd on the comments as well and, you know, our view is
8 that the comments are issues that we can certainly work
9 with agencies through and did not see anything that was
10 significantly going to hinder the time line.

11 MS. GEFTER: Well, with the offsets pending
12 what sort of comments did you receive from EPA?
13 Summarize for us what they said.

14 MS. SEGNER: In terms of all the offsets, the
15 group related to the offsets from the EPA, their
16 comments are we do not expect a -- I'm sure there will
17 be some comments from EPA occur, but our expectation is
18 that the comments will be minimal from those agencies
19 because EPA has been very involved in the creation of
20 the MERC framework. So what we're interested to see is
21 in terms of what the comments are from the public on the
22 EIR, and certainly that will be the relevant factor.

23 MS. GEFTER: And what would the Applicant's
24 optimistic time line be for the issuance of the FDOC?

25 MS. SEGNER: I think the end of August is

1 probably realistic, is a realistic time line. You know,
2 we see that the issues are coming together, and it's
3 really an issue of how long it takes the Air District to
4 pool together the various comments and issue the FDOC.
5 So I believe that 30 days after the public comment
6 period is a typical time line.

7 MS. GEFTER: And based on what staff
8 indicated, there may be some delay in that if the EPA
9 requires the PSD to wait until you have a Section 7
10 biological opinion.

11 MS. SEGNER: Maybe in terms of an update on
12 the biology issues, EPA initiated Section 7 consultation
13 on July the 6th.

14 MS. GEFTER: Right.

15 MS. SEGNER: And our anticipation is that the
16 biological opinion will be issued the middle of
17 September. So we don't see that there's -- we don't see
18 a huge timing concern at this point. We think these
19 issues will work out, and we certainly see a big effort
20 from all the agencies to make that happen as well.

21 MS. GEFTER: And we're going to go into the
22 biological resources discussion in just a moment. I
23 wanted to ask if there were any agency representatives
24 here, particularly from the Air District at this point,
25 who had comments on the process. We were going to hold

1 public comments till the end of the entire presentation.

2 So at this point we'll move forward on biology.

3 MR. OGATA: Excuse me, Ms. Gefter. This is
4 Jeff Ogata, CEC staff counsel. I'd like to report on my
5 conversation with the Air District since they are not
6 here just to let you know. I believe that talking to
7 the county counsel for the Air District that their
8 position is that the FDOC is required by their rules and
9 by state rules to be issued. So staff is basically in
10 agreement with the district about the timing of the FDOC
11 notwithstanding this dispute with EPA.

12 So I believe if the district were here today
13 they would say to you that they are planning on issuing
14 the FDOC according to the time line that's been set
15 forth by Ms. Segner. So as I said, we do have an issue
16 that we have to resolve, but the district's position now
17 is that they are planning to issue an FDOC and have that
18 contain a number of caveats that EPA would like to see
19 about notices to the public regarding the public's right
20 to comment on the PSD permit and things like that.

21 MS. GEFTER: Thank you. Let's proceed on
22 biologic resources.

23 MS. SEGNER: The biology time line is as
24 follows: The biological assessment was submitted on
25 April 26th. The Section 7 consultation was initiated by

1 the EPA on July 6th, and we anticipate the U.S. Fish and
2 Wildlife has committed and will issue their biological
3 opinion in early September of 2000. Certainly that is
4 the path that we are actively pursuing, and the
5 California Fish and Game has 30 days after the U.S. Fish
6 and Wildlife to adopt the biological opinions. That
7 means early October of 2000. That concludes our update
8 on the biology issues.

9 MS. GEFTER: We received a copy of the letter
10 from the Fish and Wildlife Service to the EPA. That was
11 a letter dated July 13th, and in that letter they
12 indicate a date of November 22nd, 2000, which would be
13 the outside limit that they can file their biological
14 opinion.

15 What is your indication that they would be
16 able to get it to you by September 1st?

17 MR. CHILSON: Bill Chilson, PG&E Generating.
18 We have been at several workshops over the last few
19 months with the Fish and Wildlife Service, and they have
20 continued as recently as this morning to commit to
21 getting the biological opinion out in September -- I'm
22 sorry, excuse me -- in July.

23 MS. SEGNER: It's September.

24 MR. CHILSON: I have it right here. Yes,
25 September, September 1.

1 MS. GEFTER: There's also a paragraph in the
2 letter I referred to, July 13th from the Fish and
3 Wildlife to the EPA where they are reminding the EPA
4 that the ESA, Endangered Species Act, requires that,
5 quote, "Initiation of formal consultation with federal
6 action agency make no irreversible or irretrievable
7 commitment to resources that limits future options." I
8 read that to say that the EPA can't issue a PSD permit
9 until they receive a biological opinion. Is that --

10 MR. CHILSON: That's not been a topic in our
11 workshops. Our workshops have been focused on getting
12 the resources evaluated and mitigation or any other
13 impacts.

14 MS. GEFTER: I would ask Mr. Thompson to tell
15 us what his view is on what that paragraph means. It's
16 on Page 2.

17 MR. THOMPSON: I fear you're catching me off
18 guard. We don't have a copy of that letter.

19 COMMISSIONER LAURIE: Mr. Thompson, what I'd
20 ask you to do is go ahead and take it back and read
21 verbatim the paragraph that Ms. Gefter is referencing.
22 It will give you time to think about it.

23 MR. THOMPSON: I fear I may need more time
24 than that. Let me quote from this letter of July 13th
25 logged in on July 19th from Nancy Gilbert under the

1 letterhead of the US Department of Fish and Wildlife to
2 Mr. Geraldo Rios of the US/EPA Region 9. The first full
3 paragraph on the second page reads, "As a reminder, the
4 act requires that after initiation of formal
5 consultation, the federal action agency make no
6 irreversible or irretrievable commitment of resource
7 that limits future options. This practice ensures that
8 agency actions do not preclude the formulation or
9 implementation of reasonable or prudent alternatives
10 that avoid jeopardizing continued existence of
11 endangered or threatened species or destroying or
12 modifying habitats."

13 MS. GEFTER: Would you say that that
14 paragraph is subject to interpretation by the reader or
15 are they sending a message?

16 MR. THOMPSON: Well, I'm not exactly sure. I
17 will make this observation, that I have had enough years
18 of practice before agencies to be very weary of one
19 lawyer's interpretation of what an agency writes in a
20 letter, and I think that I would be very hesitant to
21 tell you what they mean in plain English when it's not
22 crystal clear from the letter.

23 MS. GEFTER: Okay. Well, I just wanted to
24 bring it to everyone's attention. I noted it was
25 docketed and served on the parties, and it's something

1 that we're looking at too because we understand the
2 Applicant's optimistic view on how this process is going
3 to go, but when we see that kind of language, we're
4 wondering what is intended, so just to alert everybody
5 to consider that concern of the Fish and Wildlife
6 Service.

7 MR. THOMPSON: We appreciate that and we will
8 evaluate this. I would point out in the last paragraph
9 of the letter it refers the reader if they have any
10 questions to call Mr. Hazard who was in our workshop
11 this morning. So we are at least in contact with the
12 individual that we should be talking to, and we will
13 take it upon ourselves to try to get a clearer
14 explanation of what they mean by that.

15 MS. GEFTER: Thank you. All right. Are
16 there any other comments on the -- we're going to have
17 staff's comments on biological resources.

18 MS. ALLEN: Staff has received that letter
19 and I asked that it be placed in the docket.

20 Did you receive it via my placing it in the
21 docket?

22 MS. GEFTER: Yes.

23 MS. ALLEN: All right. We try to bring you
24 into the loop as always.

25 Staff held a workshop this morning where

1 various agencies participating in the biological review
2 process were present as well as several members of the
3 public. It was a productive workshop where we continued
4 discussion between the staff and agencies and the
5 Applicant on mitigation options for the endangered quino
6 checkerspot butterfly.

7 Staff also had a number of comments for the
8 Applicant on their biological resources, monitoring,
9 implementation, and something else that starts with "im"
10 plan. So staff went through their various comments page
11 by page.

12 The Applicant and the agencies are discussing
13 the Applicant's proposed impact compensation and
14 endowment fund and who would be the custodian of that
15 fund. Discussions are underway with a local group
16 called the Environmental Land Trust. A representative
17 of the Environmental Land Trust was at the workshop this
18 morning.

19 And then I concur with the Applicant's
20 statement that Fish and Wildlife Service intends to file
21 its biological opinion in early September. I don't know
22 that I would say the 1st. They did express some
23 interest in the Applicant's proposed gas line Route 2B
24 in that there are some resources along that route that
25 they are interested in. The butterfly has been spotted

1 along that route and then the associated plants the
2 butterfly larva eats. So the Fish and Wildlife Services
3 is interested in that route.

4 We did everything we could to make it clear
5 that the Applicant had fully included that route as part
6 of the AFC. So the Applicant has not treated that route
7 as a dormant back burner item. So we're working with
8 the Fish and Wildlife Service on their taking that route
9 seriously too.

10 After I expressed this concern, one of their
11 staff said, "Well, don't get worried that it's going to
12 affect our filing the biological opinion." So they're
13 thinking about how they need to follow through on their
14 promised date. That concludes my remarks for biology.

15 MS. GEFTER: Thank you. Is there any
16 representative of the Fish and Wildlife or from the Fish
17 and Game? All right. We're going to move on to
18 questions regarding traffic and transportation.

19 Okay. We have one question before we move
20 on.

21 COMMISSIONER PERNELL: Yes. I just have one
22 question for staff. It appears that the U.S. Fish and
23 Wildlife is saying one thing and putting in print
24 something else. I think it would be helpful if we can
25 make contact with them and make a clarifying document as

1 to what their intention or time line is for the record
2 because they do have something that's been docketed yet
3 they're saying a lot of things off line. So just to
4 clear it up, I'd like to see something in the record
5 that they want to move forward with this time line.

6 MS. ALLEN: We'd be happy to clarify that,
7 put something in the record. I think that November date
8 relates to a statutory timing deadline that they have,
9 and they have said that they're interested in getting
10 the biological opinion out earlier than their rather
11 generous statutory deadline which is something like
12 180 days.

13 COMMISSIONER PERNELL: Okay. That's what
14 they had said?

15 MS. ALLEN: Okay. Mr. Ogata has clarified
16 that they have 90 days. So that's half of that time.

17 MR. OGATA: Just to add my two cents on this
18 as well, if you read this letter carefully, it points
19 out that they have had the AFC since August 10th, 1999.
20 And so the Fish and Wildlife Service has been aware of
21 this project for a long time. They've been working with
22 the Otay Mesa folks and our staff for a long time.

23 So basically the official start consultation
24 was in some ways a formality that, of course, is
25 required, but it's not like they are just starting their

1 analysis now. So again, they've reserved the right to
2 use up their whole 90 days which would take them out to
3 November 22nd, but it also states that with the
4 continued cooperation and coordination, we also
5 anticipate that our biological opinion can be completed
6 well in advance of the November 22nd deadline.

7 So they've been telling us for many months
8 now that they intend to have this biological opinion
9 completed by September 1st. That has not changed, which
10 again, in all candor, is unusual in my experience in
11 working with them recently. We very rarely get a date
12 that we can rely upon, and they've been telling us that
13 over the course of several months. So I think we are
14 somewhat assured that that's a pretty firm date.

15 Now again, having said that, at the workshop
16 this morning they had some additional concerns that I'm
17 sure PG&E Gen will work very diligently to address, but
18 we can certainly ask them to put something in writing to
19 us that will confirm that other deadline. My suspicion
20 is they may be reluctant to do that because they do have
21 until November 22nd if they really need to. So we'll be
22 happy to ask them for that.

23 COMMISSIONER PERNELL: Well, as long as
24 there's a firm date in there, in the letter, then I
25 withdraw my request, but writing one thing and saying

1 something else is not -- my comfort level goes way down
2 with that, but if there's a date there and staff is
3 comfortable with it, I'm fine with that.

4 MR. OGATA: As I said, they've been telling
5 us that date for quite a while and, you know, looking at
6 this letter, then certainly people on the outside will
7 look at this and question it. It has a lot of fudge
8 language in it.

9 COMMISSIONER PERNELL: I'm not comfortable
10 with fudge.

11 MR. OGATA: Yes, but I'm not sure that's
12 unusual however. And my two cents on the paragraph that
13 you asked about is that I believe this is standard
14 language with respect to federal action, making sure no
15 irreversible or irretrievable commitment of resources,
16 that's I believe standard language. I think I will even
17 go out on a limb and say I think that's even in the
18 regulations as a requirement. So they're probably just
19 quoting the regulation back to EPA as part of their
20 formal letter.

21 MS. GEFTER: Okay. Thank you. Let's move on
22 to traffic and transportation.

23 MR. RAY: Robert Ray with URS Corporation.
24 We had a meeting this morning with Caltrans and we
25 presented the results of an ILD analysis that has to do

1 with looking at the interlaying volumes and backup
2 associated with construction and operation of the
3 project.

4 There was a conference call that occurred on
5 June 5th that involved Energy Commission staff,
6 Caltrans, and the county. The Applicant was unable to
7 participate in that conference call because there wasn't
8 time to have a public notice before the meeting. So I
9 coordinated with Energy Commission staff and got the
10 information regarding the requirements and then we
11 contacted Caltrans.

12 This morning they clarified to a certain
13 degree what specifically they wanted. So there's a
14 little bit more analysis that needs to be done, but
15 basically what's happened is there's a concern, as
16 you're aware, I believe, of the intersection of
17 Interstate 905 and Otay Mesa Road for construction
18 traffic as well as potentially for truck traffic
19 associated with making that left turn at that
20 intersection. There's a sharp left turn.

21 So the Applicant has devised an alternate
22 route that's been presented to the agencies subject to
23 some additional studies on traffic counts that should
24 occur over the next week which we believe will confirm
25 the acceptability of the alternate route. Everyone at

1 the meeting this morning seemed to be amenable to that.

2 It looks like what we're going to do is
3 commit to construction traffic using an alternate route
4 which I could specify, I suppose for the record, right
5 now. Basically if you're going eastbound on SR 905 you
6 would -- instead of going all the way to Otay Mesa Road
7 and making a left turn, you would go south on La Media
8 and then you would go east on Airway Road. Then you
9 would go north on Sanyo Drive and get back on Otay Mesa
10 Road up to the site. Then for egress from the site you
11 would just follow that same route back.

12 So basically what we'd be doing is making a
13 commitment to not utilize the intersection that's of
14 concern, and that seemed to be amenable to the
15 participants that were at the meeting this morning, the
16 representatives both from Caltrans as well as from the
17 county and I assume to the Energy Commission staff as
18 well that were present.

19 So basically that was the one -- we had
20 already had a workshop on the PSA, and that was the one
21 remaining issue that was brought up in terms of a
22 traffic issue and I believe that was addressed this
23 morning with the resolution in terms of how we'll do the
24 balance of the studies just to confirm that there's no
25 problems with the alternate route either.

1 COMMISSIONER LAURIE: Mr. Ray, from a traffic
2 perspective does this project have any growth-inducing
3 impact on the regional transportation system?

4 MR. RAY: We have not identified any
5 growth-inducing impacts of the project on traffic or
6 otherwise. Obviously there is going to be a short term
7 temporary impact during the construction time frame from
8 the construction traffic. In the long term there's an
9 operational work force of about 25 or 30 people with
10 some shifts that you need to consider in there.

11 In terms of if you're talking about is the
12 project going to create other types of jobs or
13 development on Otay Mesa? Is that what you're getting
14 at?

15 COMMISSIONER LAURIE: Generally, yes.

16 MR. RAY: We certainly have not identified
17 any such growth-inducement impacts in the AFC for
18 Otay Mesa associated with this project.

19 COMMISSIONER LAURIE: Thank you.

20 COMMISSIONER PERNELL: The ultimate route
21 does it -- not being from San Diego, I'm not really sure
22 of the configuration, but does it impact any existing
23 communities? Habitats? I would assume -- let me ask
24 the question. Has an alternate route been analyzed by
25 staff?

1 MR. RAY: The alternate route was proposed in
2 our response to the Applicant's comments on the PSA and
3 it has been docketed with the Energy Commission. So
4 it's been available to Energy Commission staff. There
5 are no communities along the route. It's basically
6 pretty much undeveloped. There are some warehouses and
7 some industrial facilities along some of these roads.
8 It's primarily undeveloped at this point in time.

9 It was mentioned this morning that it is
10 pretty much the truck route for truck traffic that's
11 going out to East Otay Mesa. Obviously there's a lot of
12 development that's proposed for the East Otay Mesa
13 region, and in the future we would expect based upon the
14 documents that we have seen from the county that there
15 would be more development, but we would assume that the
16 construction time frame for this project, should it go
17 forward, would be completed before most of that
18 development is completed. There aren't very many plans
19 on the board that we're aware of for near time
20 developments along these roadways.

21 COMMISSIONER PERNELL: And there are existing
22 roads? We're not creating any new roads?

23 MR. RAY: No, we are not.

24 MS. GEFTER: Thank you.

25 COMMISSIONER LAURIE: What's the level of

1 service on the major transportation route as proposed
2 now?

3 MR. RAY: Well, the LOS levels are identified
4 in the AFC. I don't have those off the top of my head.
5 They were discussed this morning. That's obviously
6 factored in. The ILD analysis looks at how much delay
7 you're going to have at the various intersections, and
8 we're going to go back and do -- because Caltrans had
9 not asked for all of that data for this alternate route,
10 when it was discussed this morning it was determined
11 that it would be prudent to look at each intersection
12 along the whole alternative route and we're going to do
13 that. We think it's going to show that there's not a
14 problem.

15 Basically the primary problem area is at the
16 intersection of 905 and Otay Mesa Road, and so these
17 other intersections are not heavily used. We would
18 expect that the LOS levels would be in acceptable range
19 and would remain there, and as part of our analysis
20 we'll be looking at that.

21 COMMISSIONER LAURIE: Just let me ask staff
22 quickly, is that your understanding as well? Remind me
23 what the LOS levels are for the major intersection.

24 MS. ALLEN: The original route went through
25 the intersection of State Route 905 and Otay Mesa Road,

1 and as that intersection is now with its current levels
2 of traffic, it's close to Level F which is unacceptable.
3 So that's the examination of alternate routes. The
4 preliminary data for the alternate route area indicates
5 that it's well into the acceptable zone, I think at
6 Level C or B.

7 COMMISSIONER LAURIE: What standard has the
8 county adopted? Do you know? Have they adopted a
9 county standard of B or C or D?

10 MR. RAY: Typically as long as you can remain
11 at Level C or above with your project it's deemed to be
12 acceptable.

13 COMMISSIONER LAURIE: Okay. Are we talking
14 about San Diego County?

15 MR. RAY: Yes.

16 COMMISSIONER LAURIE: Okay. I'd like staff
17 to check and concur that San Diego County uses the level
18 of service C to determine adequacy.

19 MR. RAY: Just something you might want to
20 remember is that we've got two intersections of this
21 alternate route that are under the jurisdiction of the
22 city. You've got at least one that's under the
23 jurisdiction of Caltrans, and the balance are under the
24 jurisdiction of the county.

25 COMMISSIONER LAURIE: Okay. Thank you.

1 MR. RAY: The one intersection, the
2 intersection of 905 and La Media, the one where we turn
3 off of 905 or back onto 905, Caltrans pointed out this
4 morning it was recently upgraded and they would perceive
5 no problems with that intersection. It was widened,
6 signalized, and built for much more capacity than it's
7 currently carrying.

8 MS. GEFTER: I'd like to ask staff to make a
9 presentation, but I also have a question which is
10 regarding the FSA on traffic and transportation, whether
11 the FSA will include this new information that you
12 discussed today at the workshop plus the Applicant's
13 proposals for the alternate route.

14 MS. ALLEN: Our traffic and transportation
15 analyst will be incorporating that into the work he will
16 be doing on his final analysis in August.

17 MS. GEFTER: Thank you. It is now staff's
18 turn to proceed on this topic.

19 MS. ALLEN: I don't have much to add to what
20 Mr. Ray told us. It is ironic that within the small
21 area of that intersection and the surrounding area we
22 have three traffic entities, Caltrans, the City of
23 San Diego, and the county. So we'll be coordinating the
24 information and the requirements as noted by
25 Commissioner Laurie with all three entities.

1 MS. GEFTER: Thank you.

2 COMMISSIONER LAURIE: Well, on the question
3 of intersection improvements, if any are intended to be
4 required, is it staff's intention to require the
5 Applicant to provide a pro rata share improvement cost
6 or something beyond that or are you not in a position to
7 offer comment on that question?

8 MS. ALLEN: I think that when this project
9 was first proposed there was a concept that the
10 Applicant would be subject to a fair share allotment
11 along with the other developers of projects in the area.
12 The county staff has told us that the other developers
13 of projects in the area are interested, but they aren't
14 coming forward in terms of finalizing their project
15 plans or being willing to put some funding together.

16 COMMISSIONER LAURIE: Well, no, they are not
17 going to voluntarily jump up and down at that
18 opportunity.

19 MS. ALLEN: That's right.

20 COMMISSIONER LAURIE: What I would encourage,
21 I'd encourage staff and I would encourage the Applicant
22 to make requests of the appropriate governmental agency
23 for a reimbursement agreement to insure that no more
24 than pro rata share is ultimately required.

25 The other developers do not have to be at the

1 table today. I think it's common that other developers
2 hang back and see what happens to the first guy, but if
3 the first guy gets a reimbursement agreement, then those
4 that follow are going to be bound to it.

5 MS. ALLEN: Part of the challenge seems to
6 rest with Caltrans in that Caltrans has told the county
7 to come forward with a design plan reflecting all of the
8 developers in the area. So between trying to get
9 Caltrans and the county moving, I wondered whether it
10 would occur within the confines of this licensing
11 process, that we could be assured that that would be
12 underway. Things move slowly to the point where I don't
13 know that we could count on there being any actual plan
14 for improving the intersection.

15 COMMISSIONER LAURIE: Okay. Well, then
16 that's going to pose a question, and I'm not going to
17 ask for a response now. However, if the evidence is
18 that a project requires an improvement, an
19 infrastructure improvement that has yet to be designed
20 and, therefore, the environmental consequences of the
21 improvement are not known, what ramifications does that
22 have on the underlying project? That is a CEQA
23 question, and that is something that we have to deal
24 with. Thank you.

25 MS. GEFTER: Anything else on this topic?

1 MS. ALLEN: No.

2 MS. GEFTER: Okay. Thank you. As I said
3 earlier, we were going to try to get through these three
4 topics as quickly as we could so that we would have more
5 time for the discussion on gas pipeline capacity. So at
6 this point, unless there are any other comments on the
7 topics of air quality, biology, and traffic and
8 transportation, we're going to take a recess.
9 Mr. Claycond.

10 MR. CLAYCOND: I would make a comment on the
11 air quality. Back in January, January 25th at the
12 Energy Summit, Ms. Segner, and I've got the quote
13 somewhere, said that they would use the most advanced
14 technology in dealing with NOX problems. They're
15 proposing, as I understand it, internal combustion
16 engines that are called ICE, which is sort of a dirty
17 word, that are using methane natural gas to fire those
18 engines.

19 Now, that is not the most advanced
20 technology. The most advanced technology would be
21 fuel-celled engines using hydrogen and they are
22 available. There are three hydrogen fuel-celled buses
23 running in Chicago right now, there are three in
24 Vancouver, and I'm sure they could negotiate to get a
25 fuel-celled engine for some, maybe even for the boats.

1 I just thought I'd point that out. That is the most
2 advanced technology. Any questions?

3 MS. GEFTER: I know that staff has prepared
4 an alternate analysis for the PSA, and I expect that
5 would also include some of the comments that you've
6 made. And perhaps in their final analysis they would
7 talk about your proposals.

8 Thank you. Any other questions or comments?

9 All right. Let's take a recess. We should be back here
10 let's say by 3:20. So it's a short recess.

11 COMMISSIONER LAURIE: 3:25.

12 MS. GEFTER: 3:25.

13 (Recess)

14 COMMISSIONER LAURIE: Let the record reflect
15 that it is now 3:25. Ms. Gefter.

16 MS. GEFTER: Before we move on to discussing
17 the gas pipeline capacity, I understand there is a
18 representative from the Air District here today.

19 Would you please come forward and introduce
20 yourself for the record?

21 MR. LAKE: Good afternoon. My name is
22 Michael Lake. I'm the chief of the insuring division
23 with the Air Pollution Control District.

24 MS. GEFTER: Thank you. We had discussed air
25 quality earlier today and we are going to end up

1 discussing Rule 69 at some point. So we hope that you
2 would stay through that discussion.

3 MR. LAKE: Sure.

4 MS. GEFTER: Thank you. We're going to now
5 move on to the discussion of the gas pipeline capacity
6 beginning with the Applicant.

7 MR. HANSCHEN: Thank you, Commissioners,
8 Madam Hearing Officer, members of the staff. I am Peter
9 Hanschen and as I am outside counsel to PG&E Generating
10 on some of the gas supply issues. What I thought I
11 would do here today is recap what was a relatively
12 lengthy and in depth discussion we had yesterday at the
13 staff report and give some additional information to you
14 at this time.

15 Just kind of in terms of recapping, it's fair
16 to say, I think, that just at the present time with
17 SDG&E's existing load that SDG&E's gas capacity is
18 tight. There are situations, and Mr. Montoya, I'm sure,
19 will address this later, that perhaps where they've
20 started warning some of their non-core customers that
21 they may have to be curtailed even at the present time.

22 Just in terms of background, when we look at
23 the SDG&E system and its customer composition, what it's
24 made up of, we have core customers which are
25 residential, small commercial, and core elect customers.

1 Then you have non-core customers, and those really can
2 be divided into a couple categories. They can be
3 non-core customers who choose to be interruptible, they
4 can be non-core customers who choose to take firm
5 service, and then even within that non-core category
6 there are distinctions made between those who generate
7 electricity versus those who use natural gas for other
8 purposes.

9 If we look at the SDG&E system today in terms
10 of just the electric generation load is that they do
11 have some co-generation on their system. We know that
12 Encina power plant or the old Encina power plant burns
13 natural gas. South Bay burns natural gas. There's now
14 some gas flowing across the border into Mexico for
15 purposes of electric generation. All of these are
16 coming together now, and as I said, even at the present
17 time in the summer the system is getting tight.

18 In terms of proposals to solve that, there's
19 really kind of a whole list of options that people have
20 to look at. Yesterday we had a presentation by
21 Mr. Henry Morris of the North Baja Pipeline, and he
22 talked about that their open season had just ended, at
23 least their subscriptions of interest for subscribing to
24 that pipeline. He said this is a 400 million a day
25 pipeline that runs into Northern Mexico. They have

1 expressions of interest of 900 million a day that had
2 been expressed. This pipeline at the present time has a
3 commencement of operations in March of 2000/2003.

4 We also heard a little bit, and as counsel to
5 the Applicant here stated, the Applicant is certainly
6 aware of this, is that SDG&E almost two weeks ago
7 announced their own open season for expressions of
8 interest for an expansion on their pipeline, and that
9 open season if you look at it, it was called for up to
10 200 million a day of expansion capability. I think the
11 time frame that SDG&E was looking at may have been in
12 the 2004 or 2005 --

13 MR. MONTROYA: Well, 2003 for the 70 million.
14 The 200 million, no commitment.

15 MR. HANSCHEN: I was talking about, yes, the
16 200 million being a little bit later than that. But
17 within that 200 million there is also an increment of
18 70 million that actually was identified in the resource
19 plan that they had filed in the last proceeding before
20 the CPUC, and that pipeline capacity, additional
21 pipeline capacity, would add 70 million a day to the
22 SDG&E system which is about a 570 a day system now at
23 the present time.

24 So it adds 15 percent of additional capacity
25 to that system for about \$20 million. It's relatively

1 cheap expansion and it can be done very, very quickly.
2 It's got a time frame that certainly can be brought on
3 line within a period of a year or so, I think is
4 probably -- Mr. Montoya probably can answer that a
5 little bit more, but it's cheap expansibility and it's
6 relatively minor construction to add a 15 percent
7 increment of capacity to that system.

8 COMMISSIONER LAURIE: Let me ask you a
9 question. Does that apply to the entire system then?
10 Is there a system like that?

11 MR. HANSCHEN: The way I understand it is
12 that actually some work would be done on So Cal
13 Line 6900 which would allow additional flow to the SDG&E
14 system, and there's actually no physical upgrades that
15 are needed on the SDG&E system to obtain that.

16 A third option when you look at it is if gas
17 supplies are tight, what might you do here, and that is
18 putting aside the fact that there are pipeline
19 additions, either capacity additions or whole new
20 pipelines as potential options on this. Once you look
21 at SDG&E's Rule 14 -- because that really is a way of
22 how these pipeline curtailments when there's capacity
23 curtailments are administered on the SDG&E system, and
24 this is a rule that's been on file with the CPUC and
25 been approved with the CPUC for some period of time.

1 I thought I would go through it because it
2 was a rule that was put into place that was really prior
3 to the time that we had the sale of the generating
4 plants by SDG&E. It was when SDG&E was a -- it was
5 really put into place when SDG&E was a vertical-type
6 electric company, and it may be that this is a time when
7 we should look very closely at Rule 14 on whether it
8 should be changed, whether there are ways it could be
9 administered in a way that it might be a little more
10 advantageous to improve the reliability of supply to the
11 customers.

12 Essentially the way Rule 14 works now is when
13 customers come onto the system is they have to designate
14 the gas service level that they want, and I'm
15 predominantly talking about non-core customers here. So
16 a non-core customer can come on and say, "Well, I'd like
17 to take interruptible service," in which case they would
18 sign a contract for one month, that's all that's
19 required for interruptible service, or they can opt for
20 firm service in which there is a two-year commitment to
21 be made.

22 Ironically the rates are identical for these
23 two customers. There's no rate difference between the
24 customers. It's simply a matter of contract length.
25 There's some taker pay requirements with the two-year

1 contract, and they factor into the sequence of
2 curtailment. Interruptible customers are off first, and
3 firm non-core customers would come next in line. Then
4 lastly would be only when all of the firm non-core
5 customers have been curtailed would you think even then
6 about getting to the core customers. I think SDG&E has
7 to actually go to the PUC and request a gas emergency
8 before they can curtail core customers.

9 If we just look at the firm non-core portion
10 of this, and I say if we just look at that because, in
11 fact, SDG&E has no interruptible customers on their
12 system. Of all of their non-core load, no one has opted
13 for interruptible load. It used to be that the Encina
14 plant and the South Bay plant would take at an
15 interruptible service level, but with the divestiture of
16 those plants, the new owners have opted for firm
17 service.

18 So what was a cushion at one time of Encina
19 and South Bay, both of which have alternate fuel
20 capabilities being on the system, they have now opted
21 from interruptible service down to firm service. Any
22 new customer coming on to the SDG&E system who opts for
23 firm service would be treated exactly the same as Encina
24 and South Bay.

25 In that respect a CFE recently signing up for

1 firm service indirectly through gas (inaudible), but
2 signing up for firm service with SDG&E is now treated on
3 the exact par as Encina and South Bay even though those
4 plants have been traditionally customers for years and
5 years when they were owned by SDG&E. Otay Mesa coming
6 on will also be treated exactly the same, and this is
7 really a fallout of the utility's obligation to serve
8 and not to discriminate among classes of customers. So
9 new people come on. They're put in exactly the same
10 position as those who have been on in the past.

11 COMMISSIONER LAURIE: So if there is an equal
12 obligation to serve and Parties A through Z have signed
13 up for firm commitment is any priority given when
14 there's emergency curtailment or otherwise based upon
15 data sign-up?

16 MR. HANSCHEN: No. Based in terms of time on
17 the system, no. There's nothing that is time sensitive
18 in that respect. What happens instead is, this is the
19 next portion of the existing Rule 14, is non-firm
20 customers are put on one of two lists. List 1 is for
21 electric generation with the electric generators first,
22 co-generators at the end of the list. List 2 is for all
23 other non-firm -- excuse me. I may have said non-firm.
24 meant firm non-core. Firm non-core customers who are
25 not electric generators.

1 So there's two lists. How you're put on that
2 list is up to SDG&E. It is not a public document
3 because actually your falling on that list, having that
4 knowledge may have some commercial sensitivity to it.

5 MS. SEGNER: And it's also by meter.

6 MR. HANSCHEN: And it's by meter, that's
7 right. If you have a meter in each one of your units
8 and you're electric generated, you can occur on
9 different portions of that list. If you do, I don't
10 know if that's the case because SDG&E maintains the list
11 and puts the list together in a randomly done way.

12 What happens when there is -- I guess the
13 next step is SDG&E is then allowed to assign curtailment
14 blocks on each list so that if there's a list of
15 generators and they feel that from an operational
16 standpoint it's best to curtail in blocks of 25 million
17 a day, they assign blocks around either one generator or
18 two generators that would make up a curtailment unit, a
19 curtailment block.

20 They do the same on List 2. Well, let me say
21 on List 2, the total amount of load on List 2 is only
22 about 15 million a day, that being SDG&E's firm non-core
23 customers who are not electric generators. It's not a
24 large load.

25 When curtailment occurs SDG&E, depending on

1 how deep the curtailment will be, will take Block 1 here
2 on List 1 and if necessary Block 1 on List 2. If they
3 have to go deeper, it's Block 2 on List 1, Block 2 on
4 List 2. Once you're curtailed, you go to the bottom of
5 the list.

6 Now, when you're curtailed you may get a
7 phone call from SDG&E the night before saying, "We think
8 we might have to curtail tomorrow. So get ready because
9 we may take you off the system." And while it's not
10 written in Rule 14, I understand from Mr. Thorp's
11 presentation yesterday is you're given about 90 minutes
12 to get off the system if you're a non-core customer.

13 So you don't know where you are on the list,
14 when your number is up, but you could get a phone call
15 and 90 minutes later you're off the system and have to
16 curtail your load.

17 MR. MONTTOYA: Can I interject? You do know
18 where you are on the list. That information is made
19 available to each customer. You are correct in saying
20 that the entire list is not public information, but each
21 customer knows where they stand on the list so that they
22 can negotiate position. There's an ability to do that.

23 COMMISSIONER LAURIE: Sir, can you state your
24 name for the record, please.

25 MR. MONTTOYA: Oh, I'm sorry. Ben Montoya,

1 San Diego Gas & Electric.

2 COMMISSIONER PERNELL: Ben, if I could follow
3 up, you said negotiate your place on the list?

4 MR. MONTOYA: Yes.

5 COMMISSIONER PERNELL: How does that work?

6 MR. MONTOYA: Do you want to address that?

7 MR. HANSCHEN: I can get to it. Rule 14 has
8 a provision in it that allows customers who are subject
9 to curtailments to negotiate among themselves either to
10 trade curtailments with each other, to trade portions on
11 the list, to revamp the list. I mean, there is a
12 commercial ability to trade your curtailments written
13 right into Rule 14.

14 MR. TOMASHEFSKY: Let me ask you one
15 additional question just going back to it. You said
16 that there was 15 million a day attributed to List 2.
17 Do you have a corresponding number for List 1
18 and can you break that out between the electric
19 generation and the co-gen portion?

20 MR. HANSCHEN: I personally can't in terms of
21 List 1, what the MDQs of the electric generators are. I
22 think the total list for electric generation is -- I
23 think the divested UEG is about 379 million a day MDQ.
24 That does not include a CFE load and the non-core
25 co-generation is about 75 million a day.

1 MR. MONTOYA: Ben Montoya, SDG&E. Actually,
2 those are based on average summer load numbers. And I
3 don't have that exact breakdown, but it is a lot larger
4 than 15 million, let's put it that way, but I don't have
5 that number.

6 MR. TOMASHEFSKY: Okay. Thank you.

7 MR. HANSCHEN: I think I left off in trading
8 the curtailments. I guess the other thing I'd like to
9 add is that the SDG&E system in some respects is a
10 little bit unique compared to some of the other
11 utilities in the state, PG&E and So Cal Gas, in that
12 they don't have storage on their system. It is very
13 much a pack and draft system. They load up the
14 pipeline, compress it up in periods when requirements
15 are low, and then they draw down, they draft the
16 pipeline pack during periods of high demand.

17 So for SDG&E in operating their system one of
18 the important periods is to be able to give them time to
19 pack up their system again, and generally I think that
20 occurs during the evening hours and then it's drawn down
21 during more peak usage on their system.

22 One of the things that we think should be
23 explored as a potential resolution of some of this
24 tightness of capacity on the SDG&E system is, one,
25 taking a look at Rule 14 itself. This all or nothing

1 rotating block curtailment portion we're not quite too
2 sure really fits the operating pattern of electric
3 generators.

4 Our feeling would be that perhaps one of the
5 things that might be better explored is some sort of a
6 pro rata curtailment among the electric generators so
7 that instead of taking the full -- if they're saying
8 there's a requirement to have a 25 million a day
9 curtailment, instead of one generator taking that full
10 curtailment to spread it among -- routably among the
11 generators and those who are on service lists or
12 curtailment List 1 so that you take only a small portion
13 of that.

14 This allows people who have multiple units to
15 make decisions that way. It also may allow generators
16 to generate during periods of high demand for
17 electricity when they want to be on the system and to
18 take their curtailments at a period of time when
19 requirements are not so great. And also then that would
20 allow SDG&E to load up their system because generally at
21 times when generators don't want to generate, which tend
22 to be in the late evening or early morning hours, that's
23 when they would be willing to take their curtailments if
24 they could. And that's exactly the same time when SDG&E
25 wants to be loading up their system so that they can

1 pack and draft it the next day. That's one option that
2 we think that we should be looking at. The other
3 option --

4 MS. SEGNER: Sharon Segner, PG&E Generating.
5 Also our view is that under the existing Rule 14 that
6 such negotiations on pro rata curtailment is allowable
7 today without a change to Rule 14.

8 MR. HANSCHEN: It would I think just be a
9 matter of striking a deal with the other generators who
10 would be subject to curtailment and using that provision
11 that was referenced about being able to negotiate the
12 curtailments.

13 The other thing that we think really needs
14 looking at which we're talking to SDG&E and the CPUC at
15 yesterday's meeting is the 70 million a day of the chief
16 expansibility on this system. \$20 million is a lot of
17 money to you and I, but in the realm of things that's a
18 pretty cheap insurance policy to put on a gas system.
19 If you can increase the capacity of the system by
20 15 percent for \$20 million, I'm not quite too sure I
21 know what the SDG&E rate base is, but I'm sure
22 \$20 million is a lot less than 15 percent of the total
23 gas rate base.

24 I think it may actually have an advantageous
25 effect for all customer classes where you would have

1 additional throughput and because of additional
2 throughput you'd have more sharing of the revenue
3 requirement over the additional supply. These are the
4 things over the last few months that we've been talking
5 to SDG&E about, we've been talking to the other
6 generators about.

7 We're trying to work through this in coming
8 up to a resolution of this that we think would give a
9 rational approach to using a system right now that is
10 admittedly tight and still allow gas supply to the
11 various electric generators in a way that we think that
12 it can best be used and in a fashion and a timing that
13 we think it can best be used.

14 So those talks are ongoing. We would expect
15 them to continue with SDG&E and with Duke and Dynegy
16 and NRG. Semptra may want to bring in CFE into these
17 talks. We'd be happy for that to occur. As we say, CFE
18 is treated exactly the same as anyone else here. So if
19 there's going to be some sort of sharing of capacity on
20 this through a pro rata basis, we'd want CFE to be
21 involved in this. We think with that and with some of
22 the other pipeline options that are there, this isn't an
23 insurmountable problem at all.

24 MS. TOWNSEND-SMITH: Could I ask just a quick
25 question? You mentioned yesterday you were talking

1 about a rotating block. Is the rotating block described
2 under pro rata or is that something that --

3 MR. HANSCHEN: The rotating block is the
4 status quo right now. Rule 14 is set up on the rotating
5 block. Pro rata would be the proposed change to
6 Rule 14. Either that would be done formally through a
7 filing of a new Rule 14 or by agreement between the
8 different firm non-core customers?

9 MR. THORP: Just as a point of clarification
10 on the rotating block --

11 MS. GEFTER: Please identify yourself.

12 MR. THORP: Mike Thorp from San Diego Gas &
13 Electric. Just as a point of clarification, the
14 rotating feature is that once you're curtailed and the
15 curtailment ends, then you go to the bottom of the
16 block.

17 COMMISSIONER PERNELL: But all of that is
18 negotiable between the curtailees?

19 MR. THORP: Certainly. Under our Rule 14 the
20 electric generators or other non-core customers can get
21 together and tell us that when it comes time for PG&E
22 Gen to be curtailed that we don't take PG&E Gen. We
23 take one of the other customers that they've got a
24 contractual arrangement with. That's currently
25 permitted under the rule with no limit.

1 COMMISSIONER LAURIE: What do you require
2 when you talk about the generators being able to get
3 together to reach an understanding? What do you require
4 as evidence that they have gotten together and to what
5 extent -- are these just two-party deals or are they
6 three-party deals? Under Rule 14 where it talks about
7 the ability to deal with curtailment issues, what's
8 required for an agreement?

9 MR. THORP: Under Rule 14 all the customers
10 who are involved must execute and give SDG&E a signed
11 written notice.

12 COMMISSIONER LAURIE: Okay. So there must be
13 unanimous consent?

14 MR. THORP: Correct.

15 MR. HANSCHEN: I don't think that's actually
16 correct. Two customers could agree to trade
17 curtailments if they wanted to. Customer X could say,
18 "My block is up. I'll trade with you," if that was the
19 case, if we didn't go to a pro rata sharing.

20 MS. SEGNER: Sharon Segner with PG&E Gen.
21 And it's also two meters. So if you have two units
22 within Otay Mesa, there could be agreements among those
23 units.

24 COMMISSIONER LAURIE: Okay. So you can have
25 two-party agreements?

1 MR. THORP: Yes, Commissioner Laurie, you
2 can, but what we require for a two-party agreement is
3 that we have a written notice signed by those two
4 parties.

5 MS. GEFTER: I would like just as a point of
6 order here, we have two gentlemen from SDG&E and we have
7 two parties here from PG&E. I think that, you know, the
8 back and forth here is going to be rather confusing for
9 us on the record. So what I would prefer to hear is
10 PG&E's position and then we can move on to SDG&E's
11 position. Otherwise, we have a discussion rather than
12 information.

13 COMMISSIONER LAURIE: Well, we keep asking
14 these questions.

15 MR. TOMASHEFSKY: Then I'll ask another
16 question. If two parties make a deal hypothetically
17 aren't they still subject to some sort of outage block
18 because the other customers on the firm list haven't
19 agreed to that type of arrangement? So, therefore, they
20 may be able to trade or negotiate some sort of
21 arrangement, but when their turn comes up, it would
22 still have to be curtailed in the context of the rest of
23 the list.

24 MR. HANSCHEN: I don't think that's the case.
25 If my turn is up and you're down in the Q and you're not

1 going to be curtailed, and I go to you and I say, "I'd
2 like you to take my curtailment for me and I'll" --
3 whatever I do to entice you to do that and you come in
4 and you take my curtailment, I'll go to the end of the
5 Q again and you'll stay where you are on this because I
6 assume SDG&E, you know, is not going to look behind the
7 transaction. They're just going to say, "Okay. Who
8 took that curtailment? Was there a notice given to them
9 that that occurred?"

10 All SDG&E wants is if they need 15 million a
11 day to come off their system, someone is coming off
12 their system. I don't think they care who does it and
13 our commercial transaction arrangements that we have to
14 allow us to switch places.

15 MS. GEFTER: And then I would ask SDG&E
16 whether you agree with that?

17 MR. THORP: Yes, we agree with that, that
18 that's how it works, and if a party -- if there's a
19 negotiation and one of the parties doesn't live up to
20 their side of the bargain, they don't curtail as they
21 said they would under their private agreement that they
22 provided to us, the party who is supposed to be
23 curtailed is the one who pays the penalties. Again, the
24 system is all set forth in this Rule 14 that we've got.

25 MR. TOMASHEFSKY: And one other question.

1 You made a comment about negotiating a pro rata type of
2 arrangement and you suggested that that could be
3 something that's done without CPUC approval.

4 Is that the case?

5 MR. HANSCHEN: I think that is the case. I
6 see the implementation of a pro rata arrangement
7 among -- let's just say among all of the generators for
8 agreement purposes here -- as fitting within the
9 commercial negotiation exception or provision that's
10 written into that rule. We wouldn't change the rule to
11 make it a pro rata basis. That would take PUC approval
12 for the change of Rule 14, but it simply would allow us
13 to rely on the -- I don't have the paragraph right in
14 front of me. Let's see, Paragraph -- well, we would
15 simply rely on that portion of Rule 14 which allows the
16 parties to negotiate their curtailments, and I think
17 negotiating a pro rata curtailment is just one of the
18 commercial options that would be available to the
19 parties.

20 MS. GEFTER: Then hearing PG&E's position do
21 you want to wait and respond to that? Does SDG&E want
22 to respond to that now?

23 MR. THORP: Certainly.

24 MS. GEFTER: I'd like to hear from you now
25 because what I'm concerned about is in the transcript we

1 have comments from PG&E and then we have interspersed
2 comments from SDG&E. Since you're all sitting together,
3 I'd like to really clarify whose position is which and
4 so I'd like to hear SDG&E's position on this question
5 right now.

6 MR. THORP: Certainly. I think SDG&E agrees
7 with PG&E's characterization pro rata with one caveat.
8 We're talking about a pro rata -- let's say four
9 electric generators agree that instead of one being
10 curtailed for 20 that they each get curtailed for five.
11 I think that that's something that clearly was
12 contemplated or could be done under the existing rule.

13 Where I think we at least have to think
14 further about whether or not the change is within the
15 scope of the existing Rule 14 is when PG&E talks about
16 preemptive curtailment. I heard Mr. Hanschen mention
17 the idea that perhaps generators could be curtailed at
18 night rather than during the daytime, and I think our
19 position is that when we need to have 15 off the system,
20 we need to have 15 off the system. And so there may be
21 something that we could work on, but I think that's
22 still open for discussion.

23 MR. HANSCHEN: I'll try to keep the record
24 clear. Peter Hanschen for PG&E Generating. I agree
25 with what Mr. Thorp said here, and the important part is

1 when he's talking about 15 off the system, he doesn't
2 necessarily mean you're off the system all day. It may
3 be a relatively short period of time when suction
4 pressure on that pipeline is low or their pressures are
5 falling in the pipeline where they have to get you off
6 the system for a while and then they pack it back up.

7 So the curtailments may be relatively short
8 term on this, and as I say, what we still want to talk
9 with SDG&E about is the ability perhaps even when there
10 are curtailments, recognizing that there's operating
11 concerns also, is the timing of curtailments, if they
12 are going to curtail, whether they can be done at times
13 when generation is less required to satisfy electric
14 requirements.

15 Our feeling is that just knowing how that
16 system works is that, in fact, may be the case, is that
17 some of the curtailments or the majority of curtailments
18 could be taken at a time when some of the electric
19 generators aren't going to be too interested in
20 generating to begin with because prices are very, very
21 low.

22 MS. GEFTER: I'd like to move on to topics
23 that are particularly involved in this proceeding and
24 that would be the times when Encina and South Bay may
25 incur curtailment and they have to use fuel to produce

1 electricity and what the implications are with respect
2 to Rule 69 when these two power plants would be burning.
3 I would like to know what the Applicant's position is on
4 that because that is an issue that is before us.

5 MS. SEGNER: Sharon Segner of PG&E
6 Generating. Under our pro rata curtailment it would be
7 each generator's choice on whether or not they would be
8 running during the off peak hours or not. Our position
9 is also that from a business standpoint running the
10 power plants during the off peak hours is probably an
11 economic risk that each generator will make on their own
12 on whether or not they want to be burning fuel oil or
13 not. The prices in the off peak market may not be high
14 enough to justify burning fuel or natural gas during
15 those hours.

16 MS. GEFTER: So that's the Applicant's
17 position on the concerns of Encina and South Bay?

18 MS. SEGNER: Our view is that the concerns on
19 the fuel oil issue is that with the pro rata curtailment
20 that many of the fuel oil concerns should be mitigated
21 significantly because the issue is the fuel burns during
22 the daytime rather than at night I imagine.

23 COMMISSIONER PERNELL: Can I follow up on
24 that? Right now we don't have pro rata curtailment. So
25 when you answered the question, you said you use

1 pro rata curtailment as an example, and I assume that
2 you're anticipating on getting that. We haven't heard
3 that from SDG&E yet.

4 MS. SEGNER: We've been in discussions with
5 other generators. We are committed to working with the
6 other generators to put together a business structure
7 that is in their best interests as well as our best
8 interests in working through the business terms. There
9 has been openness from the other generators on these
10 concepts.

11 The way the current rule is structured under
12 Rule 14 is a concept that no one is very excited about
13 just from a business standpoint. So there's a lot of
14 good business reasons, you know, why a pro rata
15 curtailment structure makes sense in a merchant power
16 plant market. So we're moving along those lines.
17 Certainly the other generators have been very
18 responsive, and we're encouraged by the level of
19 discussion that we've had with them. That's where we're
20 at right now.

21 MS. TOWNSEND-SMITH: So basically would
22 San Diego Gas & Electric require a legal agreement in
23 hand from you and the other -- from Encina and South Bay
24 that says that you're all going to agree to pro rata
25 curtailment?

1 MS. SEGNER: Sharon Segner, PG&E Generating.
2 My understanding is that certainly the ultimate
3 expectation is there would need to be some type of legal
4 agreement to comply with Rule 14. So we are working to
5 work with the other generators to put something in place
6 that makes sense for all the generators in San Diego as
7 well as Mexico.

8 MS. TOWNSEND-SMITH: Is that done in with PUC
9 also? Does the PUC have any say on that at all?

10 MR. HANSCHEN: I don't think that those
11 agreements would have to be -- they may have to be filed
12 with the CPUC. I don't think they have to be approved
13 by the CPUC because it's an implementation of an
14 existing tariff provision. It's also possible I think
15 if there was a unanimity among the parties here is SDG&E
16 may just say, "Well, we'll change Rule 14 and we'll try
17 to make it final with the PUC." Instead of putting it
18 in contract form, you can have a regulatory change to
19 Rule 14. Either way it works it seems to me.

20 MS. GEFTER: I'd like to move on to other
21 issues because there are other options that PG&E may use
22 to obtain gas, and I'd like to talk about the other
23 options as well.

24 As we understand the options there is the
25 possibility of a tie-in to the proposed North Baja

1 Pipeline project. I'd like to find out what PG&E's view
2 is on that.

3 MS. SEGNER: Sharon Segner, PG&E Generating.
4 Certainly our view is that additional capacity coming
5 into the San Diego area, whether it's from San Diego
6 Gas & Electric or from the North Baja Pipeline or other
7 competing pipelines, is a positive thing and a good long
8 term solution in San Diego. So we are exploring all
9 options in terms of where our best supply comes from and
10 moving along those lines.

11 MS. GEFTER: Would that also be described in
12 any sort of amendment to the AFC so that it be included
13 in the FSA?

14 MS. SEGNER: At this point we are seeking the
15 permitting of both -- the approval for both routes, gas
16 routes identified in our AFC. So our view is that the
17 staff has the sufficient information to analyze
18 environmental impacts of both routes and we are seeking
19 mitigation on both routes.

20 MS. GEFTER: And those routes are 2A and 2B?

21 MS. SEGNER: Right.

22 MS. GEFTER: Identify them for us.

23 MS. SEGNER: Sharon Segner, PG&E Generating.
24 That is correct.

25 MS. GEFTER: Okay. 2A, describe it for us

1 just in summary. 2A is what route and 2B is what route?

2 MS. SEGNER: Sharon Segner, PG&E Generating.

3 2A is the route along Otay Mesa Road. It's about a
4 two-mile stretch to the Harvest tie-in and 2B is a route
5 directly south of our plant from our plant to the U.S.
6 Mexico border.

7 MS. GEFTER: And that would be a possible
8 tie-in then to the North Baja Pipeline project?

9 MS. SEGNER: That is correct.

10 MS. GEFTER: Okay. And so the other, 2A is
11 connecting to pipeline 2000; is that correct?

12 MS. SEGNER: Sharon Segner, PG&E Generating.
13 That is correct.

14 MS. GEFTER: All right. And then if we go to
15 the new proposal by SDG&E to increase capacity by
16 connecting into Southern California Line 6900, is that
17 another option for PG&E?

18 MS. SEGNER: We are certainly interested in
19 continued discussions with San Diego Gas & Electric in
20 terms of fuel supply for Otay Mesa as well as
21 discussions with the North Baja Pipeline. So we are
22 considering any and all options for fuel supply.

23 MS. GEFTER: Is that option also going to be
24 included in your AFC that staff would look at?

25 MS. SEGNER: My view is that in terms of the

1 negotiations and our commercial agreement with San Diego
2 Gas & Electric that is not relevant to the AFC.

3 MS. GEFTER: Well, it's relevant though in
4 terms of where your pipeline is.

5 MS. SEGNER: Right, but we're seeking to
6 permit both routes, 2A and 2B.

7 MS. GEFTER: If you received 2A would that
8 ultimately be connected to the expanded SDG&E capacity
9 line or would it come through the same line?

10 MS. SEGNER: 2A is the tie-in to San Diego
11 Gas & Electric.

12 MS. GEFTER: Right. So that would include
13 the So Cal Line 6900 expansion. That was my
14 understanding. SDG&E just put out their request for
15 customers open season because they want to expand
16 capacity 15 percent. Somebody, I'm not sure whether it
17 was SDG&E or your representative, mentioned So Cal
18 Line 6900.

19 MS. SEGNER: Our view is that Line 6900 would
20 not be -- we should not be part of the AFC review
21 process as that is expansions to enhance system
22 reliability. So it's not a part of the AFC.

23 MS. GEFTER: At this point in time what is
24 the status of your proposed pipeline interconnection at
25 Lines 2A and 2B? Where are you on this topic?

1 MS. SEGNER: The North Baja Pipeline had an
2 open season and open season ended several weeks ago. We
3 are in discussions and will be starting discussions with
4 Sempra International and PG&E gas transmission on that
5 aspect as well as we are in discussions with San Diego
6 Gas & Electric. There's a several month window with
7 both San Diego Gas & Electric and the North Baja
8 Pipeline where we need to be wrapping up some
9 discussions, and so we may be making some decisions in
10 the next several months on that aspect.

11 MS. GEFTER: Do you have anymore comments for
12 us at this point in time on the pipeline issue?

13 MS. SEGNER: No.

14 COMMISSIONER LAURIE: Ms. Gefter, let me do a
15 follow-up on your question regarding Line 6900, and
16 perhaps this is a question to SDG&E.

17 Is enhancement of that line necessary in
18 order to serve this project?

19 MR. MONTTOYA: Ben Montoya, SDG&E. It really
20 depends on a number of variables. I guess to put it in
21 general terms, our open season is open to all non-core
22 customers. Based on the response to that open season we
23 will determine what level of capacity needs to be built.
24 It is possible that based on the needs of PG&E Gen we're
25 the only ones to respond. That may mean nothing needs

1 to be built, but Line 6900 may need to be built. We
2 would need to look at who has responded to our open
3 season and what level of service is required.

4 COMMISSIONER LAURIE: Okay. Let me explain
5 what my concern is. When we do our environmental
6 analysis of the project, of course one must define what
7 the project is. When an analysis of the project
8 reflects additional infrastructure must be constructed
9 as an essential ingredient or as a necessary ingredient
10 of the project, then the law mandates, I believe, that
11 you have to conduct the environmental analysis of that
12 enhancement; thus, our challenge of not knowing the
13 extent to which we must analyze supplemental facilities
14 that are needed to serve this project. That's a
15 statement on my part noting the concern and the
16 questions that this committee is going to have.

17 MR. HANSCHEN: Commissioner, could I address
18 that? I just want to make sure that we're not confusing
19 the facts here. The Line 6900 upgrade, first of all,
20 that is not the 200 million upgrade. From what I
21 understand from SDG&E's open season, they haven't
22 identified the facilities that they would have to change
23 to take in 200 million a day in additional capacity.

24 Line 6900 is simply related to the 70 million
25 a day capacities, and that 70 million a day capacity has

1 been previously identified by SDG&E in their resource
2 plan as something that would have to be done over a
3 period of time because of just general system growth.
4 It has no relationship at all to a particular project.

5 So all we're saying is that we know there's
6 70 million out there that can be expanded, and SDG&E has
7 indicated the time frame over which they think it's
8 going to be expanded. We're simply saying that's
9 something that they should look at perhaps earlier in
10 the time frame because of their gas requirements on
11 their system as a whole for system reliability. I mean,
12 they're having reliability problems right now. This is
13 something that looks like a good insurance policy. We
14 don't see it as designated or earmarked for any profit
15 project. This has been long identified by SDG&E in
16 their resource plan.

17 MS. GEFTER: I have a question for SDG&E, a
18 question for Mr. Montoya. Is Line 6900 already in
19 existence?

20 MR. MONTOYA: Ben Montoya, SDG&E. Two phases
21 of four are in existence. So there are two additional
22 phases totaling 15 miles that would need to be built.

23 COMMISSIONER LAURIE: I appreciate your
24 comment and in an attempt to clarify, one difficulty we
25 have is the evidence -- strike that. The record as thus

1 far accumulated does not include the equivalency of the
2 will serve by SDG&E that says we have adequate capacity
3 to serve this project conditioned upon 1 through 27. We
4 don't have anything like that, and so to a certain
5 extent we are left to analyzing and speculating rather
6 than being able to make reference to a singular
7 document. Thank you.

8 MS. GEFTER: All right. And does SDG&E have
9 any comment on whether or not you would issue a will
10 serve letter?

11 MR. THORP: Mike Thorp, SDG&E. I don't think
12 it's something that we're contemplating doing right now.
13 It may be that that could be the end result of our open
14 season if we had a customer contract pursuant to that
15 open season, but even that would probably have some
16 conditions on it. The contract that we would enter into
17 as a result of our open season would still be subject to
18 CPUC approval, for example.

19 COMMISSIONER PERNELL: When does the open
20 season close?

21 MR. MONTROYA: September 29th.

22 COMMISSIONER PERNELL: And assuming
23 hypothetically that there's enough interest, then you
24 would have to go to the PUC?

25 MR. MONTROYA: The first step would be to

1 approach each of the respondents and negotiate and then
2 take that information to the PUC.

3 COMMISSIONER PERNELL: All right. And what
4 we're trying to do is get some sense of timing on this
5 issue.

6 Can you give me an approximate time?

7 MR. MONTROYA: The negotiations could -- I've
8 heard a couple of months possibly. So that would take
9 us to late November. I'm really not sure how long the
10 process would be to take that before the PUC and what
11 their timing would be for approval.

12 MS. SEGNER: Sharon Segner, PG&E Gen. One
13 thing to clarify is that there are essentially two
14 options with San Diego Gas & Electric. One is for us to
15 respond to this open season, what I'm calling super firm
16 service, and this super firm service in the San Diego
17 Gas & Electric open season is a 15-year taker pay
18 contract in terms of a commercial guarantee from any
19 party that responds. The second option is simply to
20 sign up with San Diego Gas & Electric as a firm
21 customer, and that process is fairly straightforward.

22 COMMISSIONER PERNELL: And I think what the
23 committee at least is trying to get to here is the
24 timing and the options so we'll know how to proceed.
25 What I have here is a lot of options, no firm commitment

1 for fuel for the plant, and if that's in negotiations,
2 then that's fine, but we can't go forward without some
3 type of idea of which direction you're going in and
4 whether or not it's going to take more analysis
5 depending upon what that option is.

6 MS. SEGNER: My understanding from our last
7 discussion is that we were told we need to have our fuel
8 supply contract resolved by the final determination.

9 COMMISSIONER PERNELL: And that's in early
10 2001?

11 MS. SEGNER: Correct. That's what's on the
12 record right now.

13 MR. THORP: If I may, Mike Thorp, SDG&E, I'd
14 just like to second what Ms. Segner just said. The
15 process is very straightforward for their project to
16 become a firm transportation customer of San Diego
17 Gas & Electric. It's set forth in the tariff what they
18 would need to do. It's a very straightforward process.
19 The only issue that they've really got that we've been
20 talking about here is under that tariff there is a
21 potential for curtailment.

22 MS. GEFTER: And that actually segways into
23 the concerns of the intervenors, the Encina project and
24 the South Bay project, and perhaps we'll hear from them.

25 I wanted to check with staff first to see if

1 staff had any comments so far on the proposal by the
2 Applicant with respect to the options and how staff
3 intends to deal with that in terms of presenting us with
4 an FSA. Let's talk about that now and then move on to
5 the representatives of the Encina plant and the South
6 Bay plant. So, staff, you may proceed.

7 MS. ALLEN: Eileen Allen from the Energy
8 Commission staff. With respect to the option of
9 rotating block curtailment or a pro rata arrangement, we
10 see it as part of the picture. We'd still like to see
11 overall the chance of curtailment is minimized for all
12 gas users in the region, and the Otay Mesa project is a
13 factor in that picture.

14 At this point did you want me to talk briefly
15 about staff's multidisciplinary study or were you just
16 wanting me to respond to the discussion?

17 MS. GEFTER: Yes. Let's hear about the
18 multidisciplinary study.

19 MS. ALLEN: When staff filed its PSA on
20 May 3rd, we identified several unresolved issues related
21 to gas supply of pipeline capacity. In order to examine
22 these further, we'll be conducting a multidisciplinary
23 study of the factors affecting the overall availability
24 of natural gas and pipeline capacity as they relate to
25 the Otay Mesa project.

1 We'll be looking at various scenarios
2 affecting the San Diego region and Northern Baja,
3 California, and Mexico involving integrated generation
4 and transmission assessment, and that's looking at the
5 generators in the region, both in San Diego County and
6 south of the border, and looking at the transmission
7 picture. That's both in the San Diego area and what's
8 called import capacity coming from the southwest and
9 from further north.

10 The second overall factor that we'd be
11 looking at would be air quality, and that's where
12 Rule 69 comes in, examining the options for continued
13 natural gas burning for all the generators or the option
14 from Encina and South Bay at burning fuel oil and what
15 are the implications there for regional air quality.

16 Those two major features, the integrated
17 generation and transmission assessment and the air
18 quality assessment, will feed into conclusions about gas
19 supply and pipeline capacity. From that point then
20 we'll be able to make conclusions about the overall
21 reliability and efficiency picture for the generating
22 project.

23 MS. GEFTER: What sort of time line does
24 staff have in mind to complete its study?

25 MS. ALLEN: We see the major activity

1 occurring during August, and we hope to have this study
2 finished in early September.

3 MS. GEFTER: What information was still
4 missing that you need in order to complete the study?

5 MS. ALLEN: Our transmission staff is working
6 with San Diego Gas & Electric and he will be over the
7 next week or so on clarifying some questions related to
8 scenarios that San Diego Gas & Electric advised for
9 their transmission facilities study. We see those
10 scenarios as a starting point for our study.

11 Yesterday at the staff workshop on this topic
12 we had some helpful input from PG&E about corresponding
13 gas supply scenarios that they saw involved. We had
14 those overall concepts in mind, but they helpfully
15 articulated them rather specifically. So I believe that
16 we have the overall information that we need now in
17 order to begin the study.

18 MS. GEFTER: Do you expect the study would be
19 completed before you issued the FSA the end of
20 September? Is that your time line?

21 MS. ALLEN: That's certainly our intent.

22 COMMISSIONER PERNELL: And this study will
23 take into account all of the various scenarios we've
24 heard here today?

25 MS. ALLEN: We certainly intend to have it

1 reflect that.

2 MS. GEFTER: Is staff going to look for a
3 will serve letter or some sort of firm commitment from
4 SDG&E?

5 COMMISSIONER LAURIE: Well, how about if we
6 give you a hint? The committee will look for such.
7 Does that help you?

8 MS. ALLEN: I have the hint. Yes, staff will
9 look for a will serve letter.

10 MR. OGATA: Probably what disturbed about
11 this, maybe they don't offer will serve letters. So I
12 think we're going to need something of a similar nature,
13 but maybe not that exact document. And certainly we
14 have to look into whatever their normal process is in
15 terms of how customers sign up and what kind of
16 verification they get that they're going to receive that
17 service, and if that's what normal customers would get,
18 I don't think we should ask for more than that.

19 COMMISSIONER LAURIE: Well, I respectfully
20 disagree. I think we are in a position to ask for more
21 than that. What the committee is looking for is when we
22 look to any forthcoming decision and we seek to address
23 the question of gas availability and supply and that
24 issue is before some supreme court justice, I want to be
25 able to reference an exhibit rather than a series of

1 lines on a transcript. Maybe the series of lines on the
2 transcript might supplement an exhibit, a particular
3 exhibit, but I would look for a singular document that
4 could be pointed to to answer that question from the
5 purveyor.

6 MS. GEFTER: Mr. Thorp?

7 MR. THORP: Yes. CEC staff counsel hit the
8 nail on the head. We may be able to work with the
9 commission to put together some sort of exhibit that
10 explains what our procedures are as a public utility and
11 how the Applicant could take firm service from us, but
12 as far as just the straight will serve letter as I
13 understand that term in the normal sense to be used,
14 that's not something that SDG&E provides. We would not
15 be in a position to do that because if nothing else it
16 would provide the Applicant with a priority that doesn't
17 exist under our CPUC approval role.

18 MR. HANSCHEN: If I might, Peter Hanschen,
19 PG&E Generating. I actually think that the SDG&E tariff
20 has a pro forma contract in it for if you want to sign
21 up for firm long term service right now that a pro forma
22 contract has been blessed by the commission, and
23 essentially it's a matter of filling in the name of the
24 recipient and the MDQ and that's it.

25 MR. THORP: Mr. Henschen is entirely correct.

1 MS. GEFTER: Thank you. Let's move on now to
2 Cabrillo Power which represents Encina Power Plant, and
3 we have a filing in response to the questions from the
4 committee and we'd like to hear their presentation.

5 MR. MCKINSEY: Thank you, Commissioners, for
6 taking the time to hear our comments today. I was in
7 attendance yesterday at the workshop also where we
8 discussed a lot of the very same issues that we're
9 discussing today, and one thing that struck me
10 yesterday, and we kind of did it again today, we've been
11 spending a lot of time on curtailment. There's a few
12 misnomers or things that haven't been really clear about
13 the impacts of curtailment.

14 Both the Encina plant and the South Bay
15 plant, it is true, have the ability to switch to fuel
16 oil. That's not simply a matter of flipping a switch to
17 an alternate gas tank. It's a matter of converting the
18 plant, and in theory our plant is able to do that in
19 90 minutes. That's not something that we obviously have
20 done very recently. It's not something that we have
21 people that have done it on staff and ready to go. In
22 theory we're trained to do it and in theory it should
23 work fine.

24 At a minimum it means that we have to come
25 off line in order to switch. We have to insert oil guns

1 that shoot the fuel oil into the burning assemblies, and
2 it brings about a potential that we may stay running on
3 fuel oil for a certain amount of time. I think there
4 are some times that we would run at a minimum before we
5 would then have to switch back, and the switching back
6 may indeed even require a certain amount of cleaning or
7 processing before we switch back.

8 In addition, when we're burning the fuel oil
9 obviously -- and we haven't really hit that issue, but
10 it's a complex one, and that is the topic of what
11 happens to our emissions when we're burning fuel oil
12 instead of natural gas. The discussion about
13 curtailment in essence is a discussion about the impacts
14 that additional load on the existing gas supply in this
15 region, the impacts that that additional load will have
16 on the existing users.

17 It is true that we are now a firm customer
18 and that we are subject to curtailment and that all firm
19 customers are subject to curtailment, but if you approve
20 another project given an already existing gas supply
21 that is threatened and shortened, you're obviously going
22 to add to that load and thus add more impacts.

23 In fact, an event occurred last week that has
24 significantly added the pressure to our negotiations and
25 changed our focus. On Thursday we were told for the

1 first time in a long time that we needed to prepare to
2 be curtailed on Friday. It might happen and it didn't.
3 And this was a shock because up until now we had
4 understood that the most likely time for curtailment was
5 in the winter during the high heat fuel oil demand, heat
6 natural gas demand.

7 And as we've been discussing and, in fact, as
8 we've been monitoring and participating in this
9 proceeding, it's become very clear that the gas supply
10 in this region has increasingly become constrained, and
11 as it's become constrained, the likelihood of
12 curtailment has increased and apparently it has now
13 reached the point where it could occur on a hot but
14 fairly innocuous day in the summertime in this region.

15 That would indicate that the real solution to
16 the region is additional gas supply, and as we continue
17 to turn towards trying to add -- and really there is a
18 need for additional generation. There's no debating
19 that, and for that reason the commission needs to focus
20 on exactly what you're required to do, which is to see
21 is there going to be an adequate gas supply and has an
22 Applicant that comes before you demonstrated that.

23 We are indeed in negotiations and we are
24 interested in resolving these issues because I think
25 that all the existing generators have a common interest

1 in having an adequate gas supply. That, however, is a
2 difficult resolution. As you've perceived, there's a
3 certain amount of information that isn't available.

4 One of the reasons why we brought in Bob
5 Weatherwax and we're doing analysis is we're concerned
6 about why we're suffering from curtailment. There's two
7 obvious answers. Either our load in the region has
8 increased or our supply has decreased. Now, in theory
9 our supply shouldn't have decreased except it is
10 possible that either less gas is being delivered in here
11 because it is being consumed in the peripheral area or
12 perhaps additional gas is going into the Mexico area and
13 that that has been unaccounted for. In the divestiture
14 proceedings the amount of gas that was falling into the
15 Mexico region was supposedly quantified. At this point,
16 however, we're not sure if even that information is
17 confidential also.

18 What we would like to see come out of this
19 proceeding, and I think it's also what would resolve all
20 of these issues, is an understanding of how much gas is
21 available right now and why it is at that level and then
22 how much gas the new projects that are coming along or
23 may come along will require and where we can get the
24 additional capacity.

25 We have two great opportunities to develop

1 that capacity. One of them is an increase in SDG&E's
2 delivery capability and two is the Baja Norte gas line
3 that we've discussed. Both of those also present
4 another unique situation in that the existing gas supply
5 has primarily come from the north. And, in fact, the
6 South Bay will speak, Duke will, but the South Bay plant
7 was always at the end of that gas line, and that made it
8 subject to a certain amount of uncertainty because, as
9 was brought up, the entire system doesn't really have a
10 lot of capacity in it. Sometimes it was feared that the
11 load would be severe enough that they might have to
12 switch to fuel oil or shut down some of their units just
13 from the lack of pressure at the other end.

14 The Baja Norte gas pipeline represents a
15 unique addition to the reliability of gas supply in this
16 region because it would be bringing in gas from the
17 south, and in evaluation of that one of the things that
18 we're hoping that we can continue to focus on is trying
19 to develop that gas supply. 400 million cubic feet per
20 day of gas, some of which we might be able to obtain to
21 come above the border and come into this region would
22 greatly help this situation.

23 That situation is something that, as we
24 alluded to yesterday, we are considering our own
25 development interests in the Encina plant, and we

1 haven't decided what we're going to do yet. One of the
2 reasons for that is the gas supply constraints that
3 exist now.

4 One of the things that it might force us to
5 do rather than adding capacity might simply be to
6 replace capacity, but this region needs more capacity,
7 and if it needs more capacity, then it needs more gas
8 supply. That really means that we feel we need a lot
9 more candid discussion about what we can do to increase
10 that gas supply, and we've been a little frustrated and
11 I think PG&E Generating has been frustrated in that
12 sense also.

13 To SDG&E's credit, however, they are indeed
14 looking out and saying here's what we can do and here's
15 what we can deliver. The concern we have is that we're
16 moving head long into an increasing pressure to resolve
17 the gas supply issues for this project and, in fact, we
18 won't resolve them if we simply turn towards increasing
19 the curtailment on what is already a very constrained
20 gas supply system.

21 The complimentary issue which we haven't
22 addressed today, and I don't think we will, is the
23 electrical supply side of that. I don't think it was
24 even scheduled today, but we were asked yesterday at our
25 workshop if we had any additional issues regarding

1 electrical transmission, and indeed we do still have
2 some issues regarding the termination at this point and
3 the actual -- what ISO has said and what SDG&E has said
4 regarding what improvements will be needed. We're going
5 to address those in some data requests which we were
6 asked to do.

7 So the primary area that we're still
8 concerned is not electrical transmission. It is this
9 gas supply issue, and I feel that increasingly we're
10 getting off topic as we discuss curtailment because that
11 is really an impacts discussion and that supply is
12 what -- a reliable adequate gas supply is what you
13 require and it's indeed what we should get in this
14 region.

15 MS. GEFTER: You indicated that you don't
16 have the information as to why gas supply is limited.

17 Have you asked SDG&E for that information?

18 MR. MCKINSEY: Well, it would be I think, in
19 fact, a significant amount of confidential information,
20 who those customers are and where that gas is going. I
21 would love to ask that question.

22 MS. GEFTER: Mr. Thorp, would SDG&E provide
23 the answers to the questions posed by Mr. McKinsey?

24 MR. THORP: Yes, I think that we would be
25 able to provide a response that should give a

1 significant amount of information without divulging
2 confidential information, confidential customer
3 information. I think we'd have to see exactly what
4 Cabrillo's request was, but we're certainly willing to
5 work with them to try and provide basic information.

6 There is a substantial amount of information
7 about gas supply and gas demand that is public
8 information in many of our CPUC proceedings, and I think
9 from that public information they should be able to
10 satisfy, I hope, a lot of their needs.

11 MS. GEFTER: As we mentioned earlier, you're
12 going to submit data requests regarding transmission
13 system engineering. You may also at the very same time
14 file data requests to San Diego Gas & Electric regarding
15 the questions that you mentioned earlier.

16 MR. MCKINSEY: That is our present intention.

17 MS. GEFTER: The time for filing data
18 requests is running, and you've had these questions for
19 quite a while. So we would recommend that you do that
20 immediately.

21 And also, we did see in several of your
22 filings some indication that you wanted to pursue
23 Code of Civil Procedure discovery methods. There's no
24 necessity for that. We have a discovery process in our
25 regulations which include filing data requests.

1 MR. MCKINSEY: Oh, I apologize. One of the
2 areas of contention that we have is in the electrical
3 transmission area, and to the extent that the Energy
4 Commission has decided that the needed improvements in
5 order to deliver the electrical power that Otay Mesa
6 would deliver to the load center are outside the scope
7 of the Energy Commission's jurisdiction, that would then
8 imply that if we want to go about acquiring that
9 information that we have to go outside this proceeding
10 to do that.

11 MS. GEFTER: File your data requests and see
12 what the responses are from the parties. That's what we
13 recommend and that you do it in an expedited manner
14 because at this point we keep receiving documents from
15 you on behalf of Cabrillo in which you keep suggesting
16 this possibility, and at this point our view is that we
17 have a very adequate discovery process and you need to
18 file your data requests.

19 Okay. I'll move on. I have a second
20 question for you regarding Rule 69. One of the concerns
21 that staff has brought up and that the committee is very
22 aware of is that when fuel oil is burned it affects the
23 air quality in the region. Rule 69 specifically
24 indicated that both the Encina and South Bay plants
25 would need to retrofit their projects by January 1st,

1 2000, in order to proceed with that fuel burning option.

2 The question is whether your client has done
3 that and whether you intend to do that or what is the
4 plan with respect to retrofitting?

5 MR. MCKINSEY: I do not think that we've
6 retrofitted, but I'm not clear on exactly what those
7 retrofit requirements would be. Are you speaking of
8 actually installing -- I mean, we have it at the time, a
9 commitment and an obligation to maintain the ability to
10 burn fuel oil and to be interruptible, so to speak, and
11 to switch to fuel oil. We maintain that ability, and
12 I'm not familiar with the exact retrofit requirement
13 that you're asking.

14 MS. GEFTER: In Rule 69 there is a specific
15 provision that requires retrofitting by January 1st,
16 2000. And I may be misreading that provision, but I
17 wanted to get information as to what the status is.

18 MR. MCKINSEY: If that's the real question,
19 I'm still not sure exactly what the answer to that is
20 and that might be something we should direct to the
21 Air District to see exactly what we're being expected to
22 do which I don't believe has occurred.

23 MS. GEFTER: All right. Do you have any
24 other comments?

25 MR. MCKINSEY: That's it.

1 MS. GEFTER: Thank you very much. We'll ask
2 a representative from the Air District to come forward
3 and talk to us about Rule 69 for a minute.

4 MR. LAKE: I would assume from your question
5 that one of the issues is what is the current status of
6 Rule 69. Rule 69 was last amended in 1995, and at that
7 time it established a flexible approach for SDG&E to
8 control its NOX emissions from the two existing power
9 plants. It had a provision in it that if any units were
10 sold, those units had to be retrofitted to an SCR
11 equivalent control technology essentially by January 1,
12 2001.

13 We put that provision in at the time. This
14 was prior to deregulation, but at the time it was
15 thought that there might be a possibility that one or
16 more units might be sold. We didn't know which units.
17 We didn't know what their capacity factors would be. We
18 didn't know what the outcome would be with those units,
19 whether they would be repowered or replaced or exactly
20 what would happen. So not having that information, we
21 put in the most stringent limit that would apply.

22 Well, now all the units have been sold and
23 the new owners have asked the district to consider
24 changes to the rule that would allow the current plant
25 operators some additional flexibility with the operation

1 of the NOX emission controls on the SDG&E power plants.
2 Retrofits with some emission controls have proceeded.
3 South Bay 1 has been retrofitted. Encina Units 4 and 5
4 have been retrofitted, and both plants are on a schedule
5 for retrofits with emission controls for the remainder
6 of the units over the next couple of years.

7 Right now the district is considering --
8 we've held several meetings with interested parties, and
9 we are considering requested amendments to the rule
10 which would change the nature of the emission controls
11 that would be required on individual units, existing
12 units.

13 MS. GEFTER: How would this impact air
14 quality when these units burn fuel oil in the event of
15 curtailment?

16 MR. LAKE: Well, until very recently we were
17 under the same I guess perhaps misunderstanding as to
18 when the gas curtailments might occur. Historically
19 they've occurred in the wintertime. For the last four
20 or five years I don't think SDG&E fired away on the
21 existing units. The expectation was that if it
22 occurred, it would occur in the winter periods, not
23 during peak electrical demand and not during peak ozone
24 periods. So that was a concern because you do get
25 higher emissions with oil, but it was not occurring

1 during our peak ozone periods.

2 Now that this oil burning gas curtailments
3 with potential additional oil burning may be coming up
4 during summer demand periods which may coincide with
5 some of our peak ozone periods, we are quite concerned
6 about that and we are taking a look at that with regard
7 to the possible changes to Rule 69.

8 MS. GEFTER: And what sort of impact would
9 this information have on the final DOC for the Otay Mesa
10 project?

11 MR. LAKE: As regards to our determination of
12 compliance, this does not directly affect our ability to
13 find the Otay Mesa Power Plant project to be consistent
14 with our rules and regulations. They've only applied to
15 us for gas burning capability. We've evaluated the
16 project relative to that, and at this point in time it
17 appears it would meet all of our requirements. That's
18 why we issued the preliminary determination of
19 compliance.

20 MS. GEFTER: What about cumulative impacts in
21 terms of if the Otay Mesa project is running with the
22 other two projects that can burn fuel oil or curtail and
23 then they burn fuel oil how does that impact the
24 regional situation?

25 MR. LAKE: That does not directly affect our

1 permit review. It's not one of the criteria that we
2 look at when we're doing a permit on an individual
3 project.

4 MS. GEFTER: That's a CEQA issue as far as
5 staff?

6 MR. LAKE: Yes, but it does affect also our
7 considerations with regard to the changes to Rule 69
8 that we're contemplating because of the potential for
9 oil burning now during the peak summer period.

10 MS. GEFTER: Thank you. We'd ask if you'd
11 stick around a little bit longer until we finish because
12 there may be other questions. Thank you very much.

13 We do want to hear from Duke Power on
14 South Bay. We are running into our 5:00 o'clock
15 deadline. If people are willing to stick around a few
16 more minutes, we do have some other items after we
17 conclude on this issue.

18 MS. SEGNER: I also would mention that Ryan
19 O'Neal from Semptra International is in the audience as
20 well to discuss the North Baja Pipeline, if needed.

21 MS. GEFTER: Thank you.

22 MS. BAKER: Thank you, Ms. Gefter. Carolyn
23 Baker representing Duke Energy, Duke Power. I just have
24 a very brief comment in light of what's just been said.
25 We too are quite concerned, to use Mr. Lake's term,

1 about the burning of fuel oil, and so we are very much
2 looking forward to continuing discussions with all the
3 generators in the area because we would like to avoid
4 that if at all possible. So we are entertaining
5 whatever ideas, proposals, concepts that are out there.

6 MS. GEFTER: You're participating in the
7 discussions on that?

8 MS. BAKER: Yes, we are, with PG&E Generating
9 and Encina Cabrillo, correct.

10 MS. GEFTER: Thank you. We understand
11 there's a representative here from Sempra who can talk
12 to us a bit about the North Baja Pipeline project.

13 MR. O'NEAL: Hi, Ryan O'Neal with Sempra
14 Energy International. I didn't come with any prepared
15 documents. I thought it would be more useful to just
16 answer questions as they might arise regarding the North
17 Baja Pipeline project and how it might deal with the
18 issues that you're wrestling with.

19 COMMISSIONER PERNELL: What is the time line
20 for the project? Is it being constructed in its planned
21 stages?

22 MR. O'NEAL: The project has currently
23 completed the first phase of the open season. The next
24 phase would be to sign contracts that would be binding
25 upon the parties subject to certain precedents at the

1 end of September of this year. So we would move forward
2 with the final permitting in 2001, construction in 2002,
3 in service in January of 2003.

4 MR. TOMASHEFSKY: At what point are you --
5 you've given those time lines, but at what point do we
6 consider that a go of the project?

7 MR. O'NEAL: At the end of September we will
8 have sufficient contracts executed to tell us whether
9 we're moving forward or not. We'll respond back to the
10 shipper I believe approximately the second week in
11 October. At that point there will be financial
12 commitments on both sides, not only ourselves as the
13 transporters, but also on behalf of the shippers to keep
14 us sufficiently in check, I believe.

15 MS. GEFTER: When is your open season
16 concluded?

17 MR. O'NEAL: The open season concludes with
18 our response to shippers in the second week of October
19 that we have executed the final contracts and sent them
20 back. So we would have binding contracts executed at
21 that point in time.

22 MS. GEFTER: Do you need to get approval from
23 FERC for these contracts?

24 MR. O'NEAL: We do not need approval from
25 FERC for the contract. We will need a permit from FERC

1 for the U.S. pipeline route as we will need a permit
2 from the Energy Regulatory Commission in Mexico for the
3 pipeline route there. And as you come back there are
4 other miscellaneous permits along the way that will be
5 required.

6 MS. GEFTER: From your perspective how does
7 your time line for buildout compare to the Otay Mesa
8 project time line for buildout? Would you both be --
9 will both projects be completed around the same time
10 allowing the Otay Mesa project to interconnect with the
11 Baja project?

12 MR. O'NEAL: I'm not quite sure what their
13 actual in service date is. So I can only comment that
14 we would be in service in January of 2003 which is
15 scheduled to meet the requirements of plants in Mexico
16 as well as added customers along that route.

17 MS. GEFTER: At this point we don't have
18 further questions for you, but thank you very much.

19 MR. O'NEAL: All right. Thank you.

20 MS. ALLEN: Ms. Gefter, I had a comment as
21 far as the discussions continuing. As far as the
22 possibility of a pro rata curtailment scheme, I'm
23 wondering what would happen if the generators within the
24 San Diego region came to a pro rata agreement but CFE
25 was not in the same position. I'm also thinking about

1 the logistics of communicating with CFE.

2 It may be that communication happens quickly
3 through Semptra International, but I don't know that. So
4 I'm just wondering, you know, what if three-quarters of
5 the parties were involved in the agreement and one major
6 party in Mexico is not?

7 MS. SEGNER: Sharon Segner, PG&E Generating.
8 We are also in discussions with Semptra International who
9 is in charge of managing the fuel supply for the
10 Rosarito plant. And, Eric, maybe if you'd run down the
11 hall real quick and grab Bryan, he can come back and
12 answer that question. There is openness with Semptra
13 International on these discussions. All the generators
14 in the area have been very cooperative, and Semptra
15 International will bring in CFE as needed to the
16 discussions.

17 MS. ALLEN: And that would be taking into
18 account the various consumer possibilities in Mexico?
19 We are aware that there is a proposal for what I call
20 the Rosarito Complex in Mexicali and then Henry Morris
21 of PGT mentioned another gas consumer at a place called
22 Norte Del Rio or something like that. So there are a
23 number of locations beyond Rosarito Beach.

24 MS. SEGNER: Right. My understanding is in
25 the Mexicali location that that customer will be taking

1 gas off the So Cal gas system rather than San Diego Gas
2 & Electric's system. So there's not an impact in terms
3 of Mexicali versus Tijuana.

4 In addition, in terms of the other power
5 project that has been announced in Mexico, my
6 understanding is that their only source of gas will be
7 from the North Baja Pipeline. So there's not a need to
8 be concerned with impacts from that vantage point.

9 MS. ALLEN: Staff is working on a map that
10 would be part of this report for its plan of study. Our
11 cartography staff would be producing this map, and I
12 would envision that it would be a display available for
13 the evidentiary hearings.

14 MS. GEFTER: That would be very helpful.
15 While we have you on the floor, Ms. Allen, I have a
16 question about the impacts of the proposal to amend
17 Rule 69 to lower the limits in terms of emissions.

18 Is staff doing a cumulative impacts analysis
19 of the air quality in the region as part of their CEQA
20 review and that would be supplemental to information
21 contained in the PDOC? Is that the intent of the air
22 quality staff?

23 MS. ALLEN: Staff sees the curtailment
24 scenarios as they relate to Rule 69 as being somewhat
25 separate from the air quality PSA and FSA. Our air

1 quality analyst will be a participant in the
2 multidisciplinary study. So we'll be addressing it
3 through that avenue.

4 MR. TOMASHEFSKY: Getting back to the
5 pro rata curtailment, in thinking through this, and
6 maybe it's too simplistic a way to look at it, are you
7 suggesting that if the generators agree to some pro rata
8 curtailment that works where you get a pro rata
9 reduction and supply to the particular facilities, is
10 the presumption that there wouldn't be a need for any
11 fuel oil usage, that the generators would just simply
12 reduce the amount of electricity that's generated in
13 those facilities? And does that take care of the
14 concerns about air quality issues with respect to the
15 three plants?

16 MS. SEGNER: Sharon Segner, PG&E Generating.
17 I certainly can't speak in terms of how the various
18 generators will operate their plant during off peak
19 hours, but certainly the curtailment mechanism, if there
20 are any environmental impacts, would certainly lessen
21 those environmental impacts significantly.

22 MR. TOMASHEFSKY: So is it true that the
23 facility itself would have to be completely either
24 running on fuel oil or running on natural gas? So in
25 order to switch to fuel oil you'd have to essentially

1 not generate any electricity with natural gas or can you
2 split the units up in such a way that you can generate
3 one with gas and one with fuel oil?

4 MS. SEGNER: I really can't speak for the
5 other generators, and they would be the best ones to
6 answer this question, but my understanding is that they
7 probably would prefer to split them up by units because
8 there's some operational considerations as well. So
9 they may want to use a fuel oil unit during off peak
10 hours or something like that.

11 MS. GEFTER: One other question for staff
12 regarding the FSA, just a question regarding, I guess,
13 alternate proposal 2B, the gas supply line that would go
14 south from the Otay Mesa project to the Mexican border
15 and then theoretically intersect with the North Baja
16 Pipeline.

17 What sort of environmental review is staff
18 proposing for that alternative?

19 MS. ALLEN: The environmental review is
20 ongoing. The review encompasses all of the areas that
21 we usually look at that are related to ground
22 disturbance, and it would involve sinking a pipeline.
23 The route follows the existing Miguel Tijuana line to
24 the border. So our staff that deals with the array of
25 areas affected by ground disturbance, the biology staff,

1 the cultural resources staff, paleontology, land use,
2 they're all looking at it.

3 MS. GEFTER: So this would have a full
4 environmental review the same as the alternative 2A?

5 MS. ALLEN: Very much so.

6 MS. GEFTER: And then the recommendation of
7 the FSA would be that both routes -- they would
8 basically give us a recommendation as to those routes?

9 MS. ALLEN: Yes. Ms. Gefter, were you going
10 to discuss the schedule?

11 MS. GEFTER: We're moving on to that. I'm
12 just asking committee members if we have anymore
13 questions on this topic. It appears that we are done
14 with the topic, and we're going to move on.

15 Before we move on to issues around the
16 schedule, I'd like to ask Mr. Claycond about his motion.
17 Mr. Claycond, if you'll come up to the microphone.
18 Mr. Claycond filed a motion for an order directing a
19 response to his data request and this was to the
20 Applicant.

21 I don't know, Ms. Segner, whether you've seen
22 this motion from Mr. Claycond. He's requesting the
23 Applicant to answer his question regarding photo
24 voltaic. And, Mr. Claycond, do you want to explain your
25 data request and then after that we'll respond?

1 MR. CLAYCOND: Well, I don't have it with me
2 right at the moment, but to offset carbon monoxide
3 emissions we suggested that they consider as an
4 alternative to using natural gas and their conventional
5 generating systems that they consider photo voltaic and
6 that's what we're waiting for. And Mr. Thompson told me
7 yesterday that they would be responding.

8 MS. GEFTER: All right. So, Mr. Thompson, do
9 you want to tell us the Applicant's position on
10 responding to his data request?

11 MR. THOMPSON: Yes. Thank you. I did indeed
12 speak with Mr. Claycond yesterday, and although I told
13 him we remained convinced that photo voltaic are not a
14 viable alternative to this project, we would be
15 responding with information on his data request.

16 MS. GEFTER: Would that be satisfactory to
17 you?

18 MR. CLAYCOND: After I see the response.

19 MS. GEFTER: All right. Well, then at this
20 point we'll take your motion under submission and if the
21 Applicant responds in time it will become a moot motion.

22 MR. CLAYCOND: Okay. Thank you.

23 MS. GEFTER: Thank you very much.

24 MR. CLAYCOND: I have another comment I'd
25 like to make if you want to go ahead and take that now.

1 MS. GEFTER: Go right ahead.
2 MR. CLAYCOND: This is actually to the
3 commissioners, to the committee, to go tell the governor
4 not to panic because of the situation that's existing in
5 San Diego County with everybody tearing their hair out
6 about electricity prices because I mentioned yesterday
7 and it hadn't come up again yet today, but Jesse Knight
8 who is the chairman, CEO of the Greater San Diego
9 Chamber of Commerce about three weeks ago said that,
10 "Gee, if they go ahead and put in the Valley Rainbow
11 intertie electrical connection, an electrical line
12 25 miles long, it would solve San Diego's electricity
13 shortage problems till the year 2008."

14 After it was brought up there was some
15 discussion about, well, it might be 2006 and it might be
16 2007. It was a long discussion. But the point is we
17 don't face a crisis situation if they go ahead and put
18 in that line, and I think ISO has given them the go-head
19 on that is my understanding.

20 Now, in addition to that, I saw a quote from
21 our Energy Summit back on January 25th when
22 Senator Peace made a statement that probably relates to
23 this, although I'm not sure. It's worth listening to
24 anyway, and he said, "We have not even a playing field
25 to assure that the benefits by coincidence the LA market

1 gets as a consequence of overly planned infrastructure
2 and transmission which is likely the result of LA Water
3 and Power having built a lot of their stuff and Edison
4 having built a lot of their stuff and they're getting
5 some redundancy in that area as a consequence."

6 We are not going to take a portion of this
7 state which happens by consequence which is incidentally
8 San Francisco and San Diego and say, "Screw you guys.
9 We're going to drop you off into the ocean and we're
10 going to accumulate all the benefit of that excess
11 capacity to Los Angeles and wherever, basically
12 Los Angeles."

13 So after you read that four or five times, I
14 think what we get out of it is the fact that there's
15 some power plants up there, I don't even know if they're
16 running in Los Angeles, you know, and that may be where
17 the surplus electricity would come for that 25 mile
18 Valley Rainbow connection. I don't know whether the two
19 are tied together or not, but they could be.

20 So once again, tell the governor not to
21 panic. We're not that bad off if they go ahead and do
22 some of the things that they should have done and don't
23 try to hold somebody over a barrel for this.

24 MS. GEFTER: Thank you very much for your
25 comments, and that will all be in the record. Thank

1 you.

2 At this point are there any other questions
3 or comments from members of the public? Yes,
4 Ms. Duncan.

5 MS. DUNCAN: Thank you. My name is Holly
6 Duncan, private citizen. I'm a little confused at this
7 point. It's been two days, a lot of data and a lot of
8 information being thrown and thrashed about.
9 Yesterday's transmission issues on natural gas got kind
10 of exciting and energetic, electrifying, shall we say.

11 I need some clarification here from the
12 committee because my understanding is that the way you
13 site and bless these units is based on existing rules,
14 and what we've talked about here is I guess manipulating
15 Rule 14 in order to get it to work for us instead of
16 basing our decision on how that rule exists currently.

17 I've heard some mention of changing Rule 69
18 in order to get some things to work for us.
19 Commissioner Laurie raised the issue of supposedly
20 there's supposed to be an environmental review of any
21 infrastructure upgrades that need to occur in order to
22 make this project go, and we didn't really address that.

23 So I'm kind of concerned at this point and
24 confused because when I first came in on this process we
25 had some firm fixed dates and it seemed like we had some

1 firm fixed goals of what we were going to accomplish and
2 what kind of information we were going to have to work
3 with, and things are starting to get kind of fuzzy and
4 we have rolling deadlines now and issues of changing
5 rules when I thought we had to certify based on the
6 rules as they currently exist.

7 So if someone could clarify that for me
8 because I'm very confused at this point. Thank you.

9 MS. GEFTER: One of the obvious concerns you
10 have is about the schedule, and that's a concern that
11 all the parties have, especially the Applicant. The
12 certification process is nominally a 12-month process
13 from the date that the application is accepted by the
14 commission to the day that the commission reviews the
15 final decision.

16 However, in this case and in most cases those
17 12 months slip because it takes quite a while to gather
18 the information that's necessary in order for staff to
19 make a recommendation to the committee and in order for
20 the committee to review that information and issue a
21 proposed decision. So in this case that 12-month
22 schedule has slipped quite a bit.

23 Another thing that has occurred in this case
24 is that we have some brand new innovative areas such as
25 the mobile offsets and the air quality area, the use of

1 SCONOX which is a new technology, and several other
2 issues here that are new to the power plant construction
3 industry, and it's taking time for the Applicant to
4 provide the information necessary for staff. So I
5 understand your confusion over the schedule. The
6 schedule is changing and it will change again at the end
7 of this meeting.

8 In terms of negotiating Rule 14 and Rule 69,
9 from what we understood, it didn't sound like they were
10 going to change Rule 14, but they were going to try to
11 work within the parameters of Rule 14. That is
12 something again that is a little bit outside the
13 parameters of our jurisdiction because what we're
14 looking for really is whether or not SDG&E can provide a
15 firm fuel supply to the Applicant. I hope that helps
16 some of your questions.

17 MS. DUNCAN: There's another question because
18 it came up today in terms of -- this is new language to
19 me, firm customers, non-firm. I think it was Cabrillo's
20 presentation that said some of the categories there are
21 non-electricity producing uses. So will that be the
22 natural gas fuel fleets that are part of the MERCs? Is
23 this going to put more pressure on gas supply? Is that
24 where the natural gas comes from, from a natural gas
25 provided fleet?

1 MS. GEFTER: That's a good question. As I
2 understand your question is, is the new proposed MERC
3 offsets which we haven't seen yet -- your question is
4 whether these were going to be gas fired vehicles or gas
5 fired boats and whether those particular vehicles would
6 be using gas? Is that your question?

7 MS. DUNCAN: Yes. And then also one question
8 that came up yesterday that I'd just like to get on the
9 record in terms of rules and not stepping on other
10 people's toes. In terms of the Rule 14 discussion in
11 yesterday's workshop, someone raised the issue of, well,
12 how does this Rule 14 relate to the ISO's hands off/no
13 touch rule and that I don't think ever got an answer.

14 I just think that's an important question
15 because we do have that new organization out there that
16 supposedly is involved in all of this. And again, I
17 think they should just be cautious and careful. They
18 should be able to answer that rule for us before we go
19 forward on a decision. I'd appreciate that intention.
20 Thank you.

21 MS. GEFTER: Thank you very much.

22 MS. SEGNER: Sharon Segner, PG&E Generating.
23 Regarding the MERCs and impact of the MERCs on natural
24 gas supply, the boats that are being converted are being
25 converted from diesel to an extremely clean diesel

1 engine. So there is no natural gas involved on the boat
2 aspect of the MERCs.

3 Relating to the conversion of the truck
4 fleets, that is LOG and the natural gas supply is not
5 from San Diego. It's being tied into San Diego Gas &
6 Electric's pipeline system.

7 Regarding the ISO's rule on this, certainly
8 our view is that California as an independent system
9 operator has an important role in this as they were at
10 the workshop yesterday, and as we're in discussions with
11 the other generators, certainly the ISO as well as some
12 of the other regulatory agencies will have important
13 data points and inputs, and we will be soliciting their
14 input.

15 MS. GEFTER: We're going to have to move on
16 because the county needs to have their room back. So
17 we're going to move on to the question of schedule and
18 try to get through those as quickly as possible, and
19 then perhaps you can speak to Ms. Duncan at the
20 conclusion of today's meeting off the record.

21 We would like to hear the Applicant's
22 proposal on the revised schedule.

23 MS. SEGNER: Our proposal is the last page of
24 the handout. Our understanding is that the air PSA will
25 be issued on or before August 4th which means the FSA is

1 issued on September 28th, if I'm doing my math
2 correctly. That puts the hearings in mid-October, the
3 PMPD in early December, and final determination January
4 2001. That's our view of the schedule.

5 MS. GEFTER: All right. Staff?

6 MS. ALLEN: My major concern is an AFC
7 supplement that was mentioned in Mr. Thompson's status
8 report No. 6. At this point the contents of that
9 supplement are unknown, and we'd very much like to know
10 when the Applicant intends to file it.

11 I can't make any commitment about the staff
12 producing an FSA and filing it on September 29th until
13 we've had a chance to take a look at that supplement
14 assuming that it's still going to be coming in.

15 MS. SEGNER: I would like to have Robert Ray
16 address the AFC supplement, and our view is that it will
17 be very minor and no schedule impact.

18 MR. RAY: Again, Robert Ray, URS Corporation.
19 We're currently working on preparation of the AFC
20 supplement. It's envisioned to include four main
21 components, one of which is a minor change to the
22 interconnection from the plant switch yard to the
23 existing Miguel Tijuana line. Previously what was
24 analyzed in the AFC is a line that comes out due east
25 out of the plant switch yard to connect to the Miguel

1 Tijuana line. Based on coordination with San Diego Gas
2 & Electric, they specified a route that took off more in
3 a northeast direction on.

4 MS. GEFTER: Mr. Ray, I think that the
5 details of your supplement could be discussed off the
6 record. All we need -- we're looking at just time lines
7 right now.

8 MR. RAY: Right now there are four components
9 that we're looking at. They're all minor. They have
10 been analyzed for biology and cultural already and
11 submittals to the Energy Commission. We're currently
12 envisioning that we can docket the AFC supplement by
13 August 21st.

14 MS. ALLEN: That's almost one month out from
15 now?

16 MR. RAY: Basically three weeks or so from
17 now, a little over three weeks, three weeks from Monday.
18 We would try to do it three weeks from tomorrow.

19 MS. GEFTER: Okay. Well, we will look for
20 the supplement and staff's SFA will then actually have
21 to split in order to analyze the supplement but we'll
22 see.

23 MR. RAY: We'll certainly get it to you as
24 quickly as we can.

25 MS. GEFTER: Thank you.

1 MS. SEGNER: It's somewhat debatable in terms
2 of that the air PSA -- or FSA is being tied to air PSA
3 when the other pieces of the PSA have been out for quite
4 some time. So whether or not everything is linked to
5 minor supplements when there's no biology, cultural
6 resources, or air impacts whether or not that will slow
7 the schedule is something certainly we would have a
8 discussion on.

9 COMMISSIONER LAURIE: I think what I'm
10 hearing is that we don't know until we see it.

11 MS. ALLEN: That's my point exactly.

12 MS. GEFTER: So what we're going to do is
13 based on what we've heard today, we're going to issue a
14 revised schedule. Now, if everything comes in sooner
15 that would be better, but at this point we're going to
16 try to issue a revised schedule that's realistic based
17 on what we've heard today. And if it turns out that
18 staff can get completed sooner than what we anticipate,
19 then the schedule can move up again.

20 MR. RAY: I would point out that also -- this
21 is Robert Ray with URS Corporation again -- that the
22 changes that we're looking at are the same changes that
23 I've provided to Eileen previously, and I had told her
24 to please not docket them because they were unofficial.
25 But just for your reference, they are as we provided

1 them previously just to give staff an idea of what the
2 changes are if you're interested.

3 One addition to that is going to be that the
4 site plan that was submitted to the county yesterday
5 afternoon, we will also address the changes to the site
6 plan. They shouldn't have any impacts to any resources,
7 but we do need from a description standpoint to discuss
8 what those minor changes are to the site plan.

9 MS. GEFTER: Okay. Thank you, and you'll
10 discuss that with staff off the record. Thank you very
11 much.

12 All right. Based on what we've heard today,
13 we hope that things turn out as well as everyone hopes
14 in the optimistic presentations.

15 MR. THOMPSON: Yes, just one word about the
16 schedule. Let me suggest that you not take the schedule
17 out past the time of the FSA. We think that too much is
18 being made of the supplement. In large part we had to
19 wait for the county and other agencies, other entities,
20 to come to us. We think that the impacts in the
21 supplement are minor, and to affect a schedule that
22 could impact the ability to get on in the summer season,
23 it would be crucial to us. And we would just hope that
24 we would have the flexibility in the schedule or that
25 the schedule not go out so far that it would harm that

1 ability.

2 MS. GEFTER: All right. And as you've seen
3 so far, we haven't issued a schedule where we go past an
4 FSA. We certainly couldn't go to a prehearing
5 conference on the schedule. So we're going to look at a
6 very short range revised schedule at this point, and
7 then we'll revisit the schedule after we see an FSA.

8 At this point we're going to have to wind up
9 because the county needs their room back. Thank you
10 everyone for your participation, and this meeting is
11 adjourned.

12 (Proceedings concluded at 5:21 p.m.)

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CERTIFICATION

I, Kelly S. Barbera, Certified Shorthand Reporter,
in and for the State of California, do hereby certify:

That the foregoing videotaped proceedings were
transcribed into typewriting under my direction; that
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IN WITNESS WHEREOF, I have subscribed my name this
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Kelly S. Barbera, CSR No. 8295

